Nation's Business

Published by U.S. Chamber of Commerce - $2.50

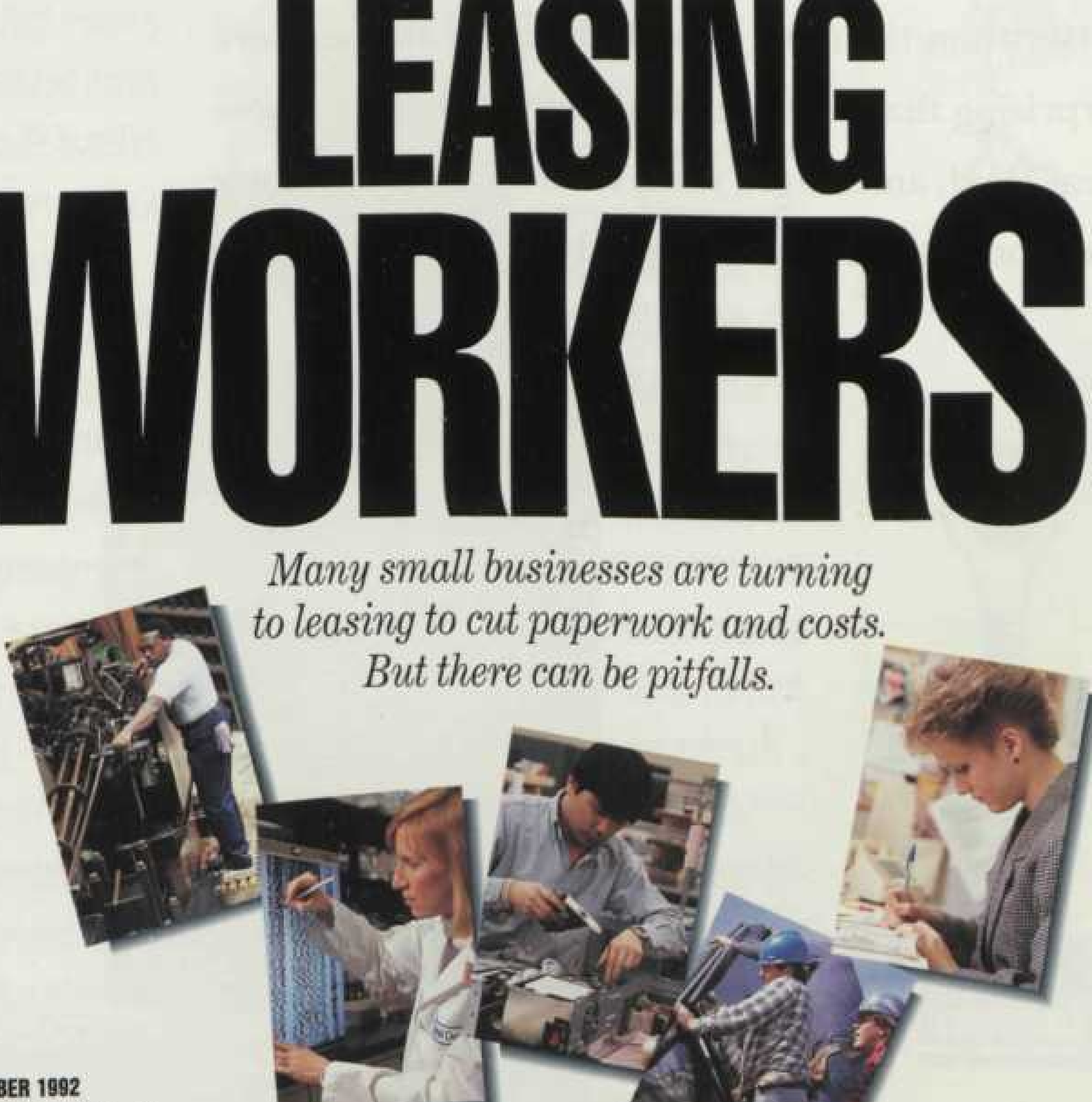
Top Of The Line: 1993 Luxury Cars

Big-League Talent For Your Small Company

Spotting Shoplifters Before They Strike

LEASING WORKERS

Many small businesses are turning to leasing to cut paperwork and costs. But there can be pitfalls.



NOVEMBER 1992

11
0 71486 02685 3

SOME COMPANIES
WILLING TO PAY FOR A N
IT'S THE ONLY

Design. Engineering. Testing. Service. Support. When you think about it, these are what make one computer better than the next. Which makes it all the more surprising that companies are cutting back in these areas. And, amazingly, some do little but stick their name on at the end of somebody else's assembly line.

It would be like buying a car, looking under the hood, and discovering that it was built by a company you'd never heard of from a place you'd have trouble finding on the map.

It makes you wonder about the kind of company that would do it. Why they would make the decision to put their name on a product over which they maintain little control. And why they would then sell it to their customers.

Obviously, at some point during some meeting in some boardroom, the mandate came down:

Find a way, any way, to cut costs.

At Compaq, when we set out to build affordable PCs, we took a decidedly different approach.

All three of the new COMPAQ computers– the COMPAQ ProLinea, COMPAQ Contura, and COMPAQ DESKPRO/i– are Compaq designed. Compaq built. Compaq tested. And, perhaps most telling of all, each one is Compaq supported.

Precisely because all three of our new, affordable computers are true COMPAQ products, we back them with the same comprehensive service and support as the rest of our computers.

Other PC companies do things differently, like offering substantially limited service and support for products they apparently have less confidence in. Dell has even gone so far as to withdraw their

Nation's Business®

Published by
U.S. Chamber of Commerce
Washington, D.C.

PHOTO: MARK PERLSTEIN

Leasing workers *cuts costs at Dallas-based Van Tone Co. David Hinds, left, president, inspects flavoring extracts with Jimmy Payne and Steve Myrcin. Cover Story, Page 20.*

ILLUSTRATION: MATTHEW WAWORKA

Demand-flow manufacturing, *a production technique associated with Total Quality Management, keeps goods moving continuously. Managing, Page 30.*

VOL. 80, NO. 11

Editor's Note

PHOTO: ©JAMES COOK

Looking *for new challenges: Rocky Mountain Instrument Co.'s president, Yubong Hahn. Making It, Page 16.*

DEPARTMENTS

Cover Design: Alberto Pacheco
Cover Photos: T. Michael Keza and Ting Chiao

Nation's Business (ISSN 0028-047X) is published monthly at 1615 H Street, N.W., Washington, D.C. 20062-2000. Tel. (202) 463-5650 (editorial). Advertising sales headquarters: 711 Third Ave., New York, N.Y. 10017. Tel. (212) 370-1440. Copyright © 1992 by the United States Chamber of Commerce. All rights reserved. Subscription prices (United States and possessions): one year, $22; two years, $35; three years, $46. For Canadian and other foreign subscriptions, add $20 per year. Printed in U.S.A. Second class postage paid at Washington, D.C., and additional mailing offices. **POSTMASTER:** Send address changes to **Nation's Business**, 4940 Nicholson Court, Kensington, Md. 20895. **To inquire about your subscription, or to make a change of address, please call 1-800-638-6582, or in Maryland, 1-800-352-1450. Photocopy Permission:** Where necessary, permission is granted by the copyright owner for those registered with the Copyright Clearance Center (CCC), 21 Congress St., Salem, Mass. 01970, to photocopy any article herein for a flat fee of $1.50 per copy of each article. Send payment to the CCC. Copying without express permission of **Nation's Business** is prohibited. Address requests for bulk reprints to **Nation's Business** Reprints, 1615 H Street, N.W., Washington, D.C. 20062-2000, or call (202) 463-5877. ISSN 0028-047X/2.50.

Look Before You Lease

Like most small-business people, you are hard-pressed to cope with federal regulations and the massive paperwork that they spawn. Some employers in search of relief have turned to employee leasing, which is growing in direct proportion to government demands on their time and resources. Its basic appeal is the extent to which it frees managers from administrative chores. But there can be a downside. Because the process basically involves the shift of money and responsibility to an outside party, there are obvious risks.

The two sides to employee leasing are spotlighted in this month's cover story (Page 20), which draws largely on the experiences of employers who have tried it, generally to their satisfaction but in some cases to their regret. You'll learn the reasons for these reactions in this article, which provides an excellent backgrounding on this subject and offers basic guidance to employers thinking about the leasing route for their own small businesses.

The article on Page 44 suggests another way to ease your managerial burdens: Hire from the growing pool of executives laid off by corporations. These managers can bring years of specialized experience to entrepreneurs needing that help. This report will help you determine whether recruiting such individuals would be a good idea for your business.

Our October issue contained our annual guide on new trucks, which helps you match these work vehicles to your transportation needs. This month, we shift the spotlight to a very different part of the vehicle spectrum—luxury cars (Page 58). When you read the descriptions of what these top-of-the-line autos offer, you'll surely find them as enticing as we did. And because the features of luxury cars are eventually incorporated into vehicles generally, this article is a good overview of trends in the auto world.

Robert T. Gray

Robert T. Gray
Editor

When you buy a truck from Ryder, you know you're buying a truck that's been used– but not abused.

That's because from the day each new vehicle joins our fleet, it goes on the most rigorous, carefully designed, preventive maintenance program in the industry. Ours.

With check up after check up. Inspection after inspection. Regularly scheduled and performed by Ryder-certified mechanics to make sure every one of our trucks, tractors, and trailers is in excellent working order.

And with one final, painstaking inspection right before it goes on the market. To make sure it meets our Road Ready requirements.

But you don't have to take our

Letters

They Turn Trials Into Triumphs

"Winning With Diversity" [Cover Story, September 1992] is a thought-provoking, timely, and well-researched article.

"Nontraditional employees" like Jean-Baptiste Brouard [a civil engineer who fled Haiti and is now a senior manager at the Umanoff & Parsons bakery, featured in the article] exemplify the potential waiting to be tapped. They generally [confront] situations where their very survival is in question, so they have acquired the art of survival.

What is survival for them turns into excellence for their departments, divisions, and organizations. It would be suicidal for any organization that hopes to go global not to [involve] these employees.

Anthony Mampilly
Montgomery, W.Va.

Another Diversity Resource

The article is an excellent summary of the diversity issues facing today's work force.

I noticed that the ADL A World of Difference Institute was not listed and thought your readers might be interested in knowing about this resource.

The Anti-Defamation League (ADL) is a nonprofit organization that safeguards civil rights and combats bigotry. The ADL A World of Difference Institute furthers the league's mission by defining and advancing a discipline of diversity education.

A Workplace of Difference Training and Consulting Service, one of the institute's primary programs, has conducted workplace-diversity training programs for more than 60,000 adult workers in over 60 different corporations, government agencies, and small businesses.

Caryl M. Stern
Associate Director
ADL A World of Difference Institute
Anti-Defamation League
New York

Finger-Pointing May Be The Main Threat

I find it distressing that Janet Harris-Lange's 10 threats to business success ["Other Views, Other Obstacles," Cover Story, June 1992] are all examples of Harold Welsch's No. 1 threat: Blaming external causes for failure.

Every threat Harris-Lange describes is someone else's fault.

Certainly more can be done to assist women and other traditionally marginalized business owners, but Harris-Lange would better serve other women business owners if she offered them solutions rather than excuses.

Kelvin Smith
Stamford, Conn.

Paychecks, Not Welfare Checks

Re your August article "States Act To Reform Welfare": It is a little-known fact that not everyone receiving "entitlements" is American.

My job as vocational counselor for a nonprofit community-based organization presents me with the frustrating task of convincing my clients, mostly highly educated, newly arrived refugees from the former Soviet Union, to work rather than accept welfare benefits.

Anyone with refugee status is automatically entitled and can expeditiously receive benefits without being a U.S. citizen. Last year, $5 billion in tax revenues was spent on such benefits.

There is no reason why a limit can't be placed on the amount of time a young, able-bodied, educated individual can continue to receive public assistance, which was originally intended to be, as your article pointed out, "short-term assistance to help families through crises," not an argument against finding a job.

Alison Gottdiener
Coordinator
Refugee Resettlement Services
Jewish Community Council of Greater Coney Island
New York

Value Your Family, But Put It In Writing

Re "Is It 'Worth It' To The Family?" [August]: I think an important point was missed.

As a certified public accountant in public practice, I often see people incorrectly assume that a family member is capable and can be trusted.

Anyone contemplating a business venture with a family member would be well-advised to work out a written agreement concerning such things as compen-

sation and responsibilities before starting the business or hiring the relative. Many times the parties decide against continuing the venture at this stage, saving time, feelings, and money.
Joe Kincade
Kincade & Associates
San Antonio

When It Comes To Regulations, You Ain't Seen Nothin' Yet

Your September article "Banks Seek Changes In Lending Law" was a good synopsis of the tremendous cost to the public of only one of the many regulations with which the banking industry has to cope.

Current regulations being considered under the Federal Deposit Insurance Corporation Improvement Act of 1991 will, however, make the burden of the Community Reinvestment Act seem like a molehill compared to the mountain range that is being constructed.

Government regulation has become all too intrusive in our lives, and it must be changed to allow our economic system to function.
James H. Powell
President and CEO
Northside Bank & Trust Co.
Roswell, Ga.

Not All Businesses Embrace NAFTA

Your article "Business Prepares For Fight Over Free-Trade Agreement" [Dateline Washington, October] asserted that the "U.S. business community" is for the North American Free Trade Agreement (NAFTA) and that labor unions and some environmental groups are against it. That is a blatant attempt to sell your readers the proposition that business support for NAFTA is monolithic and widespread.

As outgoing president of the Cookware Manufacturers Association, I can't speak for all our members, but I can tell you that a substantial majority of our membership is against NAFTA. Our primary reason is that it allows Mexican competitors virtually regulation-cost-free admission to the richest and most regulated market in the world.

The North American Free Trade Agreement is an immediate boon to Mexico, but its promised good effects to the U.S. are years away.

I haven't met a single business person who doesn't have at least some reservations about NAFTA, and I know many who share my opposition to it in its present form.
Paul A. Saxton
President, Chief Executive Officer
General Housewares Corp.
Terre Haute, Ind.

A Second Incubator Is Hatched

Your article on small-business incubators in the August issue ["A Boost For Start-Ups"] brought most-welcome attention to a woefully underpublicized subject in America's communities.

For the record, the Milwaukee Enterprise Center mentioned in your article has had a second incubator, MEC-South, in operation since February. Since then, the Hispanic Chamber of Commerce has provided business counseling to hundreds of persons, and four tenants are now in the facility.
Maria Monreal Cameron
Executive Director
Hispanic Chamber of Commerce of Wisconsin
Milwaukee

Insurance Coverage May Not Cover A Charity's Board

Your August issue carried a story ["Serving On A Charity's Board Can Cost You Plenty—In Court," It's Your Money] about serving on a charity's board that I feel is inaccurate.

Homeowners and personal umbrella policies cover bodily injury and personal injury.

The types of suits that come from actions by boards of directors are for faulty decisions that are neither.
Frank Johnson
Chairman
Saginaw Bay Underwriters
Saginaw, Mich.

[Editor's Note: Peter Weaver advised in his article that readers "look into the coverage your organization might have to protect members of its board." He said, "coverage for actions connected with board membership may have to be added as a rider."]

Send letters to Editor, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000, and include your phone number.*

Letters addressed to the Editor will be considered for publication unless the writer requests otherwise, and they may be edited and condensed.

Entrepreneur's Notebook

By Charles E. McCabe

The Value Of Expert Advice

I have always been kind of a late starter, but I believe in strong finishes. I dropped out of high school, then enrolled in a college program at age 31—earning a high-school-equivalency diploma as well as a degree—and went on to earn an MBA and do doctoral studies in business. I later wrote two books about college and career planning for adults.

When I started Peoples Income Tax in 1987, a firm that provides income-tax preparation and related services for small firms, I knew that I wanted my business to grow. But to grow, you need capital, and I was having a hard time finding it.

After three years of courting numerous prospective sources of debt and equity financing without significant results, I was running out of ideas. My attempt at a private stock offering (which I even presented at a major venture-capital forum) not only failed but also cost a great deal of valuable time and $25,000 for legal, accounting, and consulting fees.

It was at that low point that a good friend and adviser suggested that I create a formal advisory board, a group of experienced professionals who could offer the kind of resources and expert business advice that an entrepreneur often lacks in the early stages of building a company.

I had already identified several key people who had the resources, contacts, and expertise to ensure the success of Peoples. Creating the advisory board was the hook I needed to get these important players aboard, and it proved a pivotal point in my company's success.

It's important to develop sensible membership criteria, making sure that your prospective members have skills important to critical areas in your business, that they have strong corporate backgrounds and a good circle of contacts, and that they are open-minded, innovative, and good team players.

Advisers *have been pivotal for his firm, says Charles McCabe.*

Once you have identified the business areas that need to be covered and then the kinds of persons you want, you should outline the responsibilities you want those persons to fill. These are busy people who need to be actively engaged with your company; they don't want to merely lend their names as decoration for your enterprise. They should expect to attend board meetings, know the history of your company and industry, promote your company, and, most important, provide advice at every key point.

But why should experienced, successful people want to join a small firm's advisory board? Start-up companies are usually too risky to attract professionals of the caliber necessary for a board of directors that can ensure the firm's success.

If you ask them to serve in an advisory rather than a formal capacity, however, they are more likely to agree to it. They would not have the fiduciary responsibility that could lead to stockholders' lawsuits and the other types of unpleasantness that can beset formal boards.

When I invited seven people to join the Peoples Executive Advisory Board, six accepted. They were accomplished professionals and entrepreneurs.

About a year after the advisory board was formed, all of its members participated in Peoples' first successful private stock offering. As insiders, the advisers, without exception, were confident enough to invest even though Peoples had not yet turned a profit.

That equity capital enabled Peoples to continue expanding, and it's paying off. At the end of the past fiscal year, revenues were up 69 percent over the previous year despite the recession, and this year we will realize a profit and a positive cash balance for the first time.

Funding is by no means the most significant contribution of our advisory board, however. Far more valuable is the expert guidance the group has provided to help me develop the strategies and tactics to achieve our growth. The members' expertise will be even more crucial as we continue our aggressive expansion. And now that they are all stockholders, they will remain keenly interested. They are not paid for their service, although they have been given options to buy additional stock in the firm.

If you're satisfied being an independent contractor compensated directly in proportion to your personal services, you won't need a board. But if you want to build a company that will still have market value when you are no longer part of it, you'll need the advice and help of seasoned business experts with skills and knowledge that you lack. NB

Charles E. McCabe is president and CEO of Peoples Income Tax, a small-business tax firm with 20 offices in the Richmond, Va., area.

Readers with special insights on meeting the challenges of starting and running a business are invited to contribute to Entrepreneur's Notebook. Write to: Editor, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000.*

What I Learned

No one is competent in every area of expertise needed to succeed in business. The most successful entrepreneurs recognize their limitations and bring in people with complementary strengths to counter their weaknesses.

Managing Your Small Business

Singling out seniors; saluting a diverse work force; soliciting customer complaints.

By Bradford McKee

MARKETING

Targeting Older Consumers According To Lifestyle

If you're marketing to senior citizens, it helps to recognize that they are not a homogeneous group. The over-55 sector consists of subsets based more on lifestyle and activity than age, according to marketing specialists.

Frederick Adler, president of The Senior Network, a Stamford, Conn., marketing and advertising firm, breaks seniors into three groups: pre-retirees, active retirees, and "settled-in" consumers. As a marketer, Adler says, you should know which of these categories you're targeting. For example, approaches that appeal to pre-retirees shopping for cruises differ from those that appeal to settled-in shoppers comparing pain relievers.

Adler's company targets these distinct market segments using "wall magazines" for seniors. The wall magazines are actually posters combining paid national advertising with news and features. The posters' contents are aimed at older audiences—the messages tailored to the product and a specific segment of those over 55. The posters are displayed in community senior-citizen centers.

PHOTO: ARNOLD ADLER

Frederick Adler *of The Senior Network, who tailors his wall magazines for those over 55, meets with Helen McNell of the Daniel Senior Activity Center, in Stamford, Conn.*

Author and businessman Ken Dychtwald, a social gerontology specialist, also has focused on the characteristics of the senior market. Dychtwald's gerontology research firm, Age Wave Inc., in Emeryville, Calif., subdivides the senior market "by life-stage rather than age," according to Bruce Clark, the firm's senior vice president. In his 1990 book, *Age Wave* (Bantam), Dychtwald describes the specific buying habits of seniors in various life stages.

People ages 50 to 64 tend to be in the market for financial services, luxury items, recreational opportunities, and possibly a second home, Dychtwald says. They also may be new grandparents.

Those 65 to 79 years old tend to seek more estate-planning help, adult education, insurance, and senior-oriented social events.

Most consumers over age 80 are probably sticking closer to home, with an eye out for daily services such as maintenance, gardening, cooking, cleaning, and self-care, according to Dychtwald.

Adler calls seniors "a highly divergent" and profitable market that continues to expand. ■

CASH FLOW

A Dozen Ways To Sharpen Your Firm's Collections

Whatever the forecast for the economy, happy days are not right around the corner in the credit and collection department, says credit specialist Bruce W. Barren, chairman of the EMCO/Hanover Group Inc., a merchant banking company in Santa Monica, Calif. However, Barren says, you can improve your collections if you involve the accounts-receivable staff in decisions at the credit-approval stage.

Barren makes these suggestions:

■ Set uniform terms for credit and collection, put them in writing, and minimize exceptions.

■ Appoint one—and only one—decision maker on credit policy, to avoid misunderstandings.

■ Inform all staff members of your credit policy, and make sure all employees understand it precisely.

■ Check references of your customers' other creditors directly.

■ Keep files on each customer individually—including all action and follow-ups—in case of a dispute.

■ Do not include sales-staff members in credit-approval decisions. They're interested primarily in selling; they don't get involved in trying to collect from customers.

■ Start monitoring collection from customers halfway through the term, not when the payment is overdue.

■ Make room for bad debts because, realistically, not everyone pays 100 percent of the time.

■ Set a policy for write-offs to discontinue credit on bad accounts.

■ Estimate costs of your credit apparatus, including lost-opportunity cost, interest, and staff, on top of bad debts.

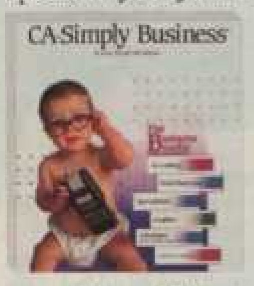
■ Consider retaining a collection service, which may devote more effort than you could to recovering your stray receivables.

■ Classify accounts by credit level, and assign the levels to specific staff members.

Lastly, Barren says, assign credit collection of an account to the same employee who granted the company credit. ■

All The Software A Small Business Will Ever Need For Just $567.

Introducing the first software designed specifically for your small business.



CA-Simply Business™ is the friendliest collection of Windows™ software in the world. And it's integrated so all the modules work together.

Easy to learn and easy to use, CA-Simply Business lets you do everything with just a click of the mouse.

Accounting.

It's accounting made simple with easy-to-understand screens and menus, modules that cover all of your needs from General Ledger to Payroll, and all kinds of financial reports you can generate by pushing a button.

Word Processing.

No matter what you need to write – one memo or a thousand letters to your customers – CA-Simply Business makes it fast and easy. Pick a typeface, point size, check your spelling, add columns, tables, clip-art, whatever. Everything you write will look like it was done professionally.

Spreadsheets.

Crunching numbers is easy with this multi-dimensional spreadsheet. More advanced than two-dimensional spreadsheets like Lotus® 1-2-3®, Excel and Quattro® Pro, this is easier to learn and easier to use.

Scheduling.

No matter how busy you are, CA-Simply Business can keep your entire small business on schedule.

Simple, color-coded screens can tell you instantly who, what, where and when. And it can track hundreds of different schedules, as well as store tens of thousands of names, addresses and phone numbers.

Graphics.

From beautiful newsletters to colorful in-store signage, there are a million ways that CA-Simply Business can help you look more professional and successful.

Free CompuServe® Information Manager Included!

If purchased separately, all of this software could cost as much as $1,400.

So go to your nearest dealer today and save over $800 on the friendliest, easiest small business software in the world.

Call 1-800 CALL CAI For The Name Of Your Nearest Dealer.

CA-Simply Business. The small business software that makes it simple.

COMPUTER® ASSOCIATES

Software superior by design.

MOTIVATION

A Company's Gift To Its Diverse Work Force

Ruppert Landscape Inc., in Ashton, Md., paid tribute to its Hispanic employees by way of a gift to their community.

Fifty-three of Ruppert's 60 Hispanic employees live in central Washington, D.C., less than a mile from the popular Lincoln Multicultural Soccer Field.

Many of the children of Ruppert employees, among others from Central and South America and the Caribbean, play on the field so hard that local fans had dubbed it *La Polvosa*, or "the Dust Bowl," because it had no grass.

Now the field has lush turf, thanks to Ruppert Landscape.

Ruppert's annual employee "field day" in July traditionally combines motivational games and training contests in a day of serious play.

This year the firm used the occasion to give the Lincoln soccer field a face lift, volunteering the firm's entire staff and donating 6,100 square yards of sod, seven shade trees, and 143 new hedges—a $35,000 job.

Some of the foliage was contributed by two other area landscaping companies, J.T. Patton & Sons, of Silver Spring, Md., and NOVA Turf, of Nokesville, Va.

Craig A. Ruppert, the firm's president, wanted to salute his diversified staff. Sixty percent of the landscaping crew is Hispanic.

"Our work force has changed drastically over the past three years," Ruppert said. "It is essential that we communicate our gratitude to that [Hispanic] portion of our work force."

The firm also holds language classes and safety and technical seminars for Hispanic staff members.

About 300 Ruppert employees arrived in time to meet a summer monsoon at Lincoln field July 24. Owing to the downpour, the staff spent about half an hour sodding the field.

Ruppert employee Marco Garcia, who lives a block away from the Lincoln field, said the field day "was great fun."

The gift "is something no one else can do for the community," Garcia added. "We are pleased to have a green field to play on now."

PHOTO: KATHLEEN OBENSCHAIN

PHOTO: T. MICHAEL KEZA

Ruppert Landscape Inc. *employees give a face lift to the Lincoln Multicultural Soccer Field. Craig A. Ruppert, firm president (inset), says "field day" pays tribute to his staff.*

CUSTOMER SERVICE

Root Out Rudeness Before It's Too Late

Retail rudeness is a cardinal sin in the eyes of customers.

Joseph Weintraub, a management professor at Babson College, in Wellesley, Mass., talked with 204 retail shoppers as they left stores in that state. He says he found customers disgruntled by the lack of even basic courtesy.

Their No. 1 complaint was that they had been ignored by salespeople.

Other acts of rudeness included: the absence of a "thank you" after a sale; overt hostility by the sales staff; being passed over for other customers out of turn; the failure of salespeople to answer questions; employees' lack of knowledge about products being sold; and employees talking on the phone instead of waiting on customers.

Store owners can halt this self-sabotage by establishing a credo detailing how customers should be treated, Weintraub says.

Store owners also should make sure they hire only genuinely courteous people, he says, and they should spend the time and money needed to train their staff in the art of being polite.

Weintraub suggests that store owners poll customers to find out what they love—and hate—about stores' service. If you don't ask customers what bothers them about your store, they may never come back and tell you.

NB TIPS

A Start-Up's "Building Blocks"

A new handbook from the Coopers & Lybrand accounting firm, the *Growth Company Starter Kit*, urges you to consider both opportunities and obstacles in your new business venture before you set up shop.

The handbook discusses taxes, regulations, and insurance for your type of business before going on to help you with other tasks, such as forming a team of managers and setting your prices.

You also can compare the various types of incorporations, look at standard ledger formats, and examine the pros and cons of buying a business.

The guide costs $10. To order a copy, write to Henry Rusek, Coopers & Lybrand, Publications Department, 1251 Avenue of the Americas, New York, N.Y. 10020-1157.

Marketing From Home

Owners of home-based businesses who want to put some professional pizazz in their sales and marketing tactics might like a new book by Kim T. Gordon, *Growing Your Home-Based Business: A Complete Guide to Proven Sales & Marketing Strategies* (Prentice Hall, $12.95). Gordon's book tells you such things as how to build a list of prospects, select advertising media, and use telephones, meetings, and presentations to display your enhanced corporate image.

To locate your nearest bookstore carrying a copy, call the publisher's representative at (201) 592-3302.

NB

TANDY® FACTORY-DIRECT COMPUTERS

EVEN AFTER 15 YEARS AND MILLIONS OF COMPUTERS SOLD, WE KNOW THE PC THAT MATTERS MOST IS THE ONE BUILT JUST FOR YOU.

Now, Custom-Built PCs at Factory-Direct Prices!

Design the PC of your dreams and we'll build it for you in our state-of-the-art USA manufacturing plant! Pay only for what you need—you'll save hundreds over what you'd pay for the unwanted "bells and whistles" on many mass-produced PCs. Nobody offers a better value at a lower price!

Superior USA Quality

We'll individually assemble and test your Tandy PC to the highest standards. Personalized with your name right on the front, your new Tandy PC is shipped directly to your home or office . . . within two working days!

100% PC Compatible

We'll load your software and test your PC to make sure it's properly configured and ready to run the minute you get it!

Local Service & Support

Tandy is the only PC company to offer friendly, local help and service through over 6600 locations nationwide. Your nearby Radio Shack can provide fast, *personal* service—no mail-order firm comes close! Custom order yours at:

Radio Shack® AMERICA'S TECHNOLOGY STORE℠

Circle No. 22 on Reader Service Card

Dateline: Washington

Business news in brief from the nation's capital.

By Albert G. Holzinger

TAXES

IRS Simplifies Payroll-Tax Deposits

Simplified rules on deposit of payroll taxes owed to the federal government take effect Jan. 1.

Internal Revenue Service regulations on payment of taxes withheld from workers' wages will require most small firms to deposit their payroll taxes only once a month and will permit others to follow a simple weekly deposit regimen.

The IRS estimates that under the new rules, more than 75 percent of the approximately 5 million companies that pay into the system will qualify as monthly depositors.

"These simplified rules will be a major help to these small-business owners, who have been confused by the old rules for too long," says Benson Goldstein, manager of the Tax Policy Center at the U.S. Chamber of Commerce. The Chamber has actively supported simplification of the rules.

The federal government uses the payroll-tax-deposit system to collect the income, Social Security, and Medicare taxes that employers withhold from workers' wages.

The old rules required employers to monitor constantly the amount of accumulated taxes withheld from employees' paychecks to determine when taxes were due.

The IRS estimates that every year one-third of all businesses were penalized for inadequate or late deposits. Last year alone, the IRS assessed about $1.5 billion in penalties.

To help ease the transition to the new rules, the Internal Revenue Service plans to inform every business by November of each year of the deposit scheme it must follow during the next year. This procedure will allow business owners to determine their deposit due dates for the entire year ahead.

Monthly deposits will be due by the 15th day of the following month. The IRS points out that all new employers will be monthly depositors.

Companies that find they are unable to adjust their payroll systems fast enough to meet the Jan. 1 effective date of the new rules can follow the old rules through Dec. 31, 1993. They do not need to apply for the extension.

—Joan C. Szabo

INTERNATIONAL TRADE

Business Backs Trade Agreement

The U.S. business community began its Capitol Hill push for approval of the North American Free Trade Agreement (NAFTA) in September, even though it will be the spring of 1993 at the earliest before Congress decides whether it will approve the 2,000-page pact.

The agreement was initialed by the presidents of Canada, the United States, and Mexico in early October.

Willard A. Workman, vice president/international of the U.S. Chamber of Commerce, told the House Ways and Means Trade Subcommittee that although the organization's members still are reviewing many of NAFTA's complex provisions, it appears that implementing the agreement would be "a major, positive step in advancing U.S. commercial and economic interests."

Congressional hearings on the pact will resume after the 103rd Congress convenes in late January.

PHOTO: DENNIS BRACK—BLACK STAR

Willard Workman *of the U.S. Chamber: "U.S. exports will create U.S. jobs and boost our economy."*

Congress Approves Aid Measure

Congress passed legislation that will enhance U.S. trade and investment opportunities in the Commonwealth of Independent States—formerly the Soviet Union. The measure provides about $12 billion in aid through the International Monetary Fund and $1.2 billion in direct aid.

BUSINESS COSTS

Landmark Energy Legislation Generally Favorable To Business

The first comprehensive energy legislation approved by Congress since the oil crisis of the late 1970s should lower business's long-term costs for electricity and natural gas. Provisions that should help hold down prices will:

- Institute a one-step process for licensing new nuclear power plants.
- Promote technologies that will allow environmentally safe burning of coal.
- Help stimulate domestic oil and gas exploration and drilling by providing tax relief to independent producers.

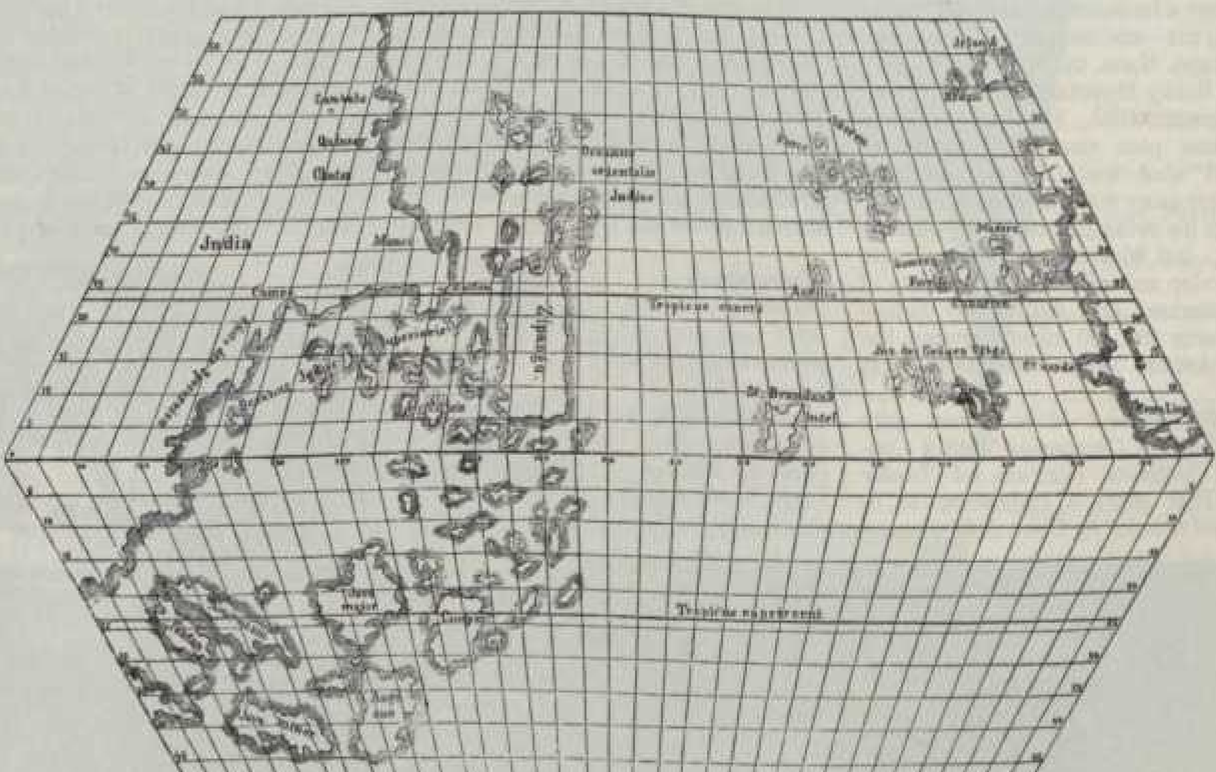
Eliminated from the measure were three hotly debated provisions that could have had a major impact on prices. One would have increased oil and gas supplies by permitting limited energy exploration in Alaska's Arctic National Wildlife Refuge. Another would have further restricted oil and gas exploration and production on the Outer Continental Shelf for at least 10 years. And the third would have imposed stringent fuel-efficiency standards on automobiles.

Mandated-Leave Veto Sustained By House

A bill that would have required employers of 50 or more workers to provide up to 12 weeks a year of unpaid family leave or medical leave failed to survive President Bush's veto. The measure, which also would have mandated continuation of health-insurance benefits during leave periods, was passed by Congress in September. The Senate overrode the veto, but the House sustained it by 27 votes. NB

Liberty Mutual Presents: Great Assumptions in History.

"The World is Flat."



Most assumptions start out as simple answers to difficult questions. But the right answers always take a little more exploration.

Many insurance buyers, for example, assume the only right way to buy insurance is from a broker.

Like most assumptions, this is wrong.

Your Liberty Mutual representative offers comprehensive coverage at competitive rates with convenient local service. In fact, your Liberty representative gives you all the confidence and convenience of a strong, working business relationship *plus* direct access to loss prevention, claims and underwriting professionals whenever you need it. And by speaking with us directly, you can avoid costly mistakes that can easily happen when going through a middleman.

The results are lower costs for your insurance program, the elimination of overlapping policies and better customized service. By working as a partner with your insurer, you also get tailored risk management and loss prevention services.

Why make assumptions when something better may be just over the horizon? For 80 years, thousands of customers have proven to themselves that the right way to buy insurance is from Liberty Mutual. Call your local Liberty Mutual office today and let us prove it to you.

LIBERTY MUTUAL.

FACING THE ISSUES THAT FACE OUR CUSTOMERS

Making It

Growing businesses share their experiences in creating and marketing new products and services.

Farsighted In Optics

By Howard Rothman

The way Yubong Hahn sees it, you grow a business by constantly seeking out—and conquering—new challenges. Hahn, the 50-year-old president of Rocky Mountain Instrument Co., in Longmont, Colo., has been following that game plan since 1983, when he acquired what was then a traditional optical company with six employees.

Today, his revamped company—known as RMI—has 80 workers at its main site who develop and manufacture a variety of both standard and customized optical components for 400 clients around the world. Annual sales have risen from $100,000 in 1983 to $6 million last year.

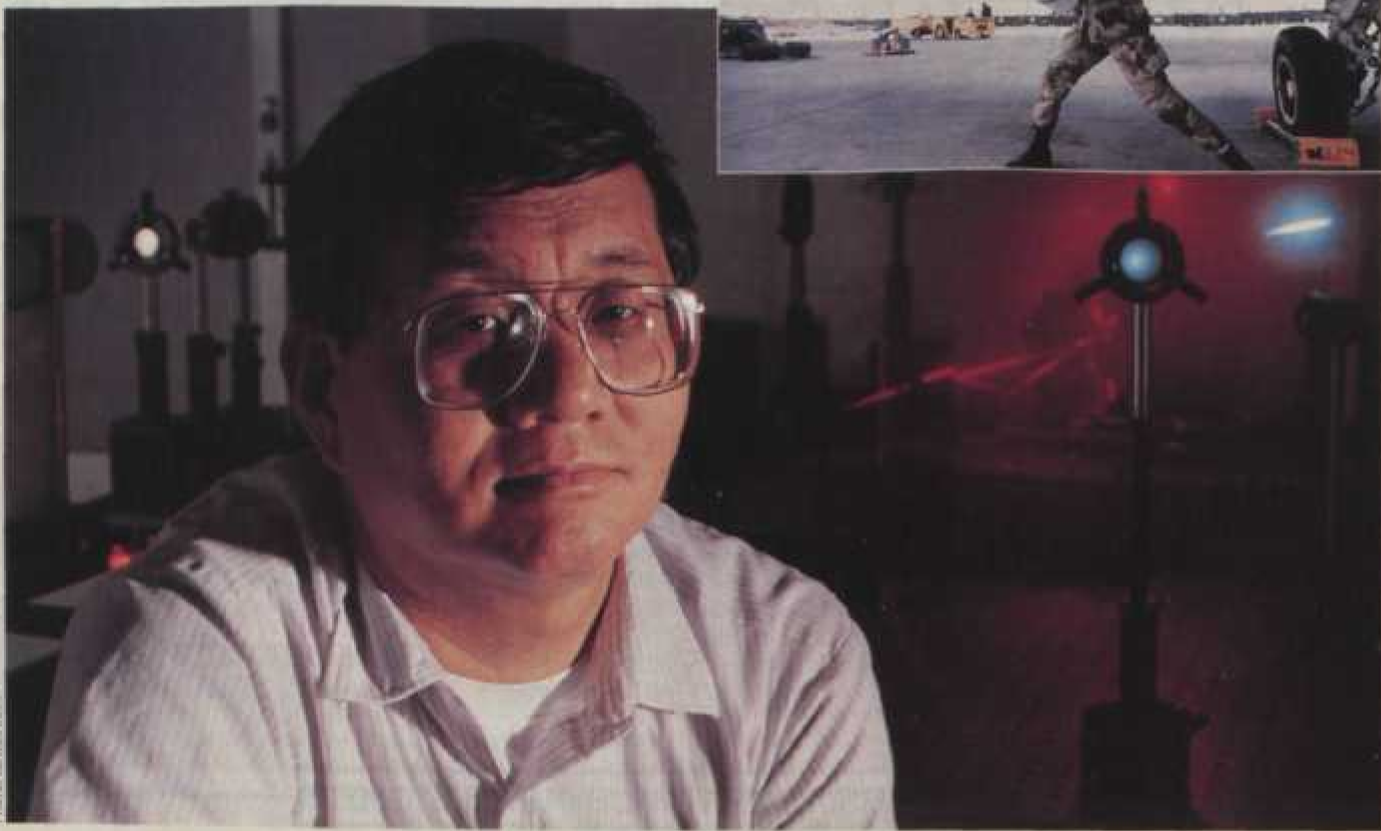
A native of Korea, Hahn came to the U.S. to attend West Virginia Wesleyan College and went on to earn a Ph.D. in physics at the University of Missouri in 1970. Hahn first ventured into the world of business after he obtained his doctorate and found no satisfactory jobs available. Gravitating to Albuquerque, N.M.—research centers like Los Alamos and Kirtland Air Force Base were not far away—he and his brother co-founded CVI Laser with their own money. For the next 12 years, they produced standardized optical parts for the fledgling laser industry.

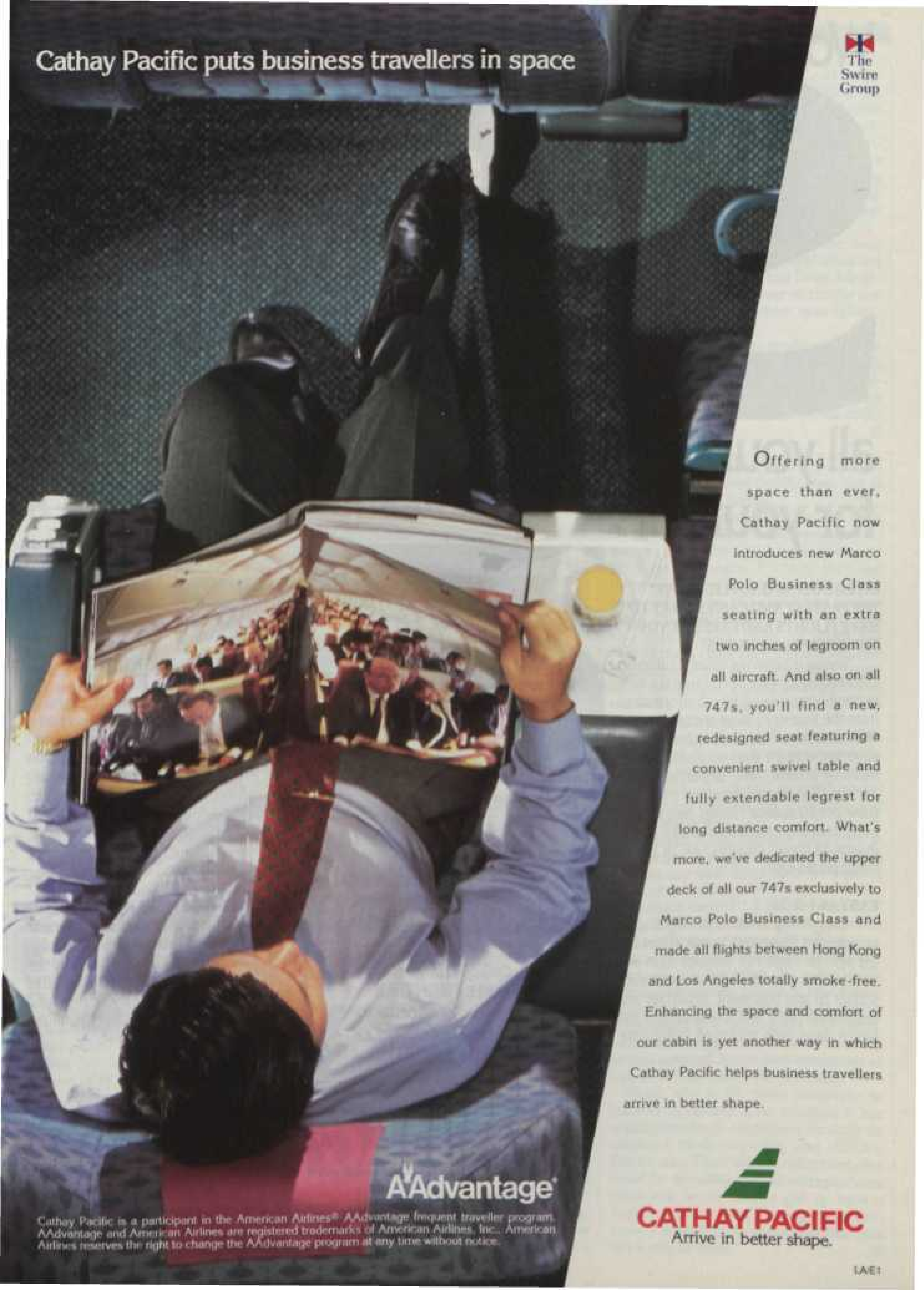
When Hahn decided he wanted to develop more advanced, customized components, he and one silent partner (since replaced by another) purchased RMI.

RMI, founded in 1957, had once been a successful producer of lenses for microscopes, binoculars, and other devices that did not require exceptionally precise optics. When lasers came into widespread use in the 1980s, however, a huge and lucrative new optical market surfaced—

Howard Rothman is co-author, with Mary Scott, of Companies With a Conscience: Intimate Portraits of Twelve Firms That Make a Difference, *to be published this fall by Birch Lane Press.*

Yubong Hahn's *Colorado company, RMI, makes sophisticated optical products for demanding uses; its systems helped guide the Walleye smart bomb, right, during the Gulf war.*





Cathay Pacific puts business travellers in space
The Swire Group
Offering more space than ever, Cathay Pacific now introduces new Marco Polo Business Class seating with an extra two inches of legroom on all aircraft. And also on all 747s, you'll find a new, redesigned seat featuring a convenient swivel table and fully extendable legrest for long distance comfort. What's more, we've dedicated the upper deck of all our 747s exclusively to Marco Polo Business Class and made all flights between Hong Kong and Los Angeles totally smoke-free. Enhancing the space and comfort of our cabin is yet another way in which Cathay Pacific helps business travellers arrive in better shape.
AAdvantage®
Cathay Pacific is a participant in the American Airlines® AAdvantage frequent traveller program. AAdvantage and American Airlines are registered trademarks of American Airlines, Inc.. American Airlines reserves the right to change the AAdvantage program at any time without notice.
CATHAY PACIFIC
Arrive in better shape.
LA/E1

and the old RMI failed to tap into it. It was about to go bankrupt when Hahn took over.

After the acquisition, Hahn immediately made radical changes. He moved the company to a new, 20,000-square-foot location. He updated equipment, added product lines, and won new customers, including IBM and the U.S. government, so that eventually revenues from military and export sales equaled revenues from domestic sales.

Essentially, Hahn remodeled RMI for the '90s. Today, as a result, the diversified company designs and produces both custom and standard optical products throughout the ultraviolet, visible, and infrared spectrums.

At the spotless corporate headquarters in Longmont, white-tiled hallways link individual manufacturing and R&D work rooms. Small groups of employees in blue lab coats produce and check the quality of highly specialized items—prisms, copper mirrors, night-vision assemblies—made for customers who demand that the products meet exacting tolerances.

Hahn directly oversees all phases of the operation, from production to purchasing to proposals, and he prides himself on keeping up with trends in management—he has introduced streamlined work-flow procedures—as well as in optics. He moved into fields like bar-code scanning when they were hot, and he moved out of them as soon as they became commonplace or unchallenging.

During the Persian Gulf war, RMI shifted full-force into the production of Operation Desert Storm necessities such as night-sighting optics for the F-15E fighter-bomber, sighting capability for the TOW missile, optical systems for the Walleye and Sidewinder smart bombs, and laser range finders for ML-AI tanks.

All has not been smooth sailing for RMI, of course, especially when it comes to raising the funds needed for its constant expansion and costly R&D activities. But Hahn says capital has always been tight for a business like his. "We're not a start-up, but we face a lot of start-up problems due to new products and fast growth," he says.

Next in his sights is the excimer laser, which is now undergoing clinical trials and could receive U.S. Food and Drug Administration approval in a year or two for use in eye surgery to correct nearsightedness.

RMI is gearing up to produce all of the optical components for this device, which many feel will revolutionize ophthalmology. "Once that pops open," Hahn says with noticeable excitement, "we will really be busy." ■

A Matchmaker's Dream Team

By Michael Barrier

Her late husband, Clifton, "was a real entrepreneur," says Betty Wood. "We woke up in a new world every day."

PHOTO: T. MICHAEL KEZA

Betty Wood *and her late husband couldn't find a chile relleno to their liking, so they started making—and selling—their own.*

Clif and Betty Wood were a good match, even though she was 19 years his junior. "I never did have any children," she says, "so I devoted my life to businesses. We were both workaholics."

In the early '70s, they owned a business in Ardmore, Okla., that did data processing for small companies that didn't have their own computers. Back then, Wood says, "I was working 20 hours out of the 24. I loved it."

But her weight dropped to 104 pounds, on a 5-foot-9 frame; as she says, "That's pretty lean." Clif finally despaired of getting her to work shorter hours, she says, so in 1973 they sold their computer center and moved about 90 miles up the road, to Norman, Okla., just south of Oklahoma City, intending to retire.

But the food they found there led to a new adventure. "My mother cooked for me till I married Clif," Wood says, "and then he cooked for me till he died. I was just like a pair of suspenders in a nudist colony when it came to the kitchen."

Nonetheless, she knew what she liked, and she remembers her dismay at the food she encountered in Mexican restaurants: "I love a good chile relleno [stuffed pepper], and it was a disgrace the slop that was put before us."

Eventually, the entrepreneur's bug bit again, and Clif said, "Why don't we just make one?"

In 1975, the Woods made what she calls "kitchen samples" of chile rellenos, starting with three canned chiles, and took one apiece to three different Mexican restaurants. At each stop, they left with an order for a case of frozen chile rellenos.

The Woods had a friend who owned a restaurant, and his chef made the chile rellenos for them, following their recipe. "Clif and I would come by and put them in the trunk of our Cad, wrapped in a thermal blanket, and peddle them out of the trunk," Wood recalls.

The Woods moved into their own plant in Blanchard, Okla., southwest of Norman, in September 1976, under the name Matador Processors. By then, they had three employees and were selling their chile rellenos to 160 Oklahoma restaurants. The Woods went out on the road and sold enough cases to cover the payroll, then came back and worked, she recalls, "until 2 or 3 in the morning, to get them made. Like the old bootlegger that made the moonshine, we made by night and peddled by day."

Clif Wood died of cancer in April 1983, and since then his widow has prevailed in land-use disputes and many other legal battles with neighbors, minority shareholders, city officials, tax collectors, and federal inspectors.

Sheltered by its owner's willpower in those crises, Matador has thrived; its chile rellenos are now distributed throughout much of the country. This summer, Matador bought around 1.5 million pounds of newly harvested chiles, and revenues in the last fiscal year topped $3 million.

Most of the chile rellenos that Matador produces are for what are called food-service sales—they go first to food wholesalers and then to restaurants and large institutions, like universities and hospitals. Matador packs its chile rellenos for several national frozen-food companies as well as for sale under its own name.

Wood, who is 63, plans eventually to transfer ownership of her company to her approximately 45 employees through an employee stock-ownership plan (ESOP). But for now, Wood will press forward. She could be speaking for all entrepreneurs when she says: "You've got to have a backbone of iron and the physical endurance of a mule to do something like this; but it can be done." ■

MAKING IT

A Beer Brews In Brooklyn

By Maxine Lipner

When Steven K. Hindy, a foreign correspondent for the Associated Press, began working in the Middle East, he had journalistic, not capitalistic, endeavors in mind. That changed when Hindy sampled the home brew prepared by some of his compatriots in the U.S. Foreign Service.

With alcohol strictly forbidden by Islamic law, the diplomats acquired the necessary ingredients through diplomatic pouches and then worked their brewing magic behind closed doors. "They made terrific beer," says Hindy, 43.

When he returned from the Middle East in 1984, Hindy began experimenting with his own home brew. One of his early tasters was a neighbor, Thomas D. Potter, an assistant vice president at Chemical Bank who had always dreamed of starting his own business. In 1986, as the two sat sipping home brew while watching Mets baseball on television, Hindy convinced Potter that selling their own brand of beer was the opportunity he had been looking for.

A few months later, in early 1987, with \$500,000 raised in a limited partnership offering, the two quit their jobs and started the Brooklyn Brewery. To recapture the hearty flavor of the old-time lagers, the partners went to Bill Moeller, a fourth-generation German-American brewmaster, whose grandfather was one of the original Brooklyn brewers. "Bill had his grandfather's notebooks and textbooks about brewing in those days," Hindy says. With Moeller's help, they came up with the recipe for their first product, Brooklyn Lager.

Instead of producing the beer themselves, they went to a brewery in Utica, N.Y., known for its high-quality products. "We thought that brewing under contract would allow us to prove the market before we built a facility," says Potter, 36.

As it was, they were financially strapped. "Just the cost of getting the product into the marketplace turned out to be higher than [we] expected," Hindy admits. He and Potter found that although merchants were initially receptive to the idea of carrying a Brooklyn brew, they balked at the premium price (\$22 per case at retail). "We calculated it took six or seven visits to a retailer before we could make a sale," Hindy recalls.

But once the retailers signed up, they became loyal customers. "Out of our first crop of customers in Brooklyn, about 90 percent are still with us," Hindy says.

To make sure that their product didn't get lost on the shelf, the partners enlisted noted designer Milton Glaser to create a product label. Glaser accepted an unusual form of compensation—instead of a fee, which would have been well beyond Hindy's and Potter's means, he agreed to take an equity stake in their company.

To publicize their new product, Hindy and Potter geared company activities toward possible media coverage. When they first began selling Brooklyn Lager in Manhattan, they managed to make an event out of it. "We did the first delivery on the anniversary of George Washington's retreat from Brooklyn, where he was defeated by the British in the Battle of Long Island," Hindy recalls. Television reporters lined up to watch a boat loaded with lager make its way from Fulton's Landing in Brooklyn to the Water Club in Manhattan.

That sort of media-oriented marketing has paid off. The Brooklyn Brewery's revenues have grown from \$400,000 in 1988 to a projected total of close to \$3 million this year. The company has broadened its line to include Brooklyn Brown Ale, which, like the lager, is sold as far away as Japan.

It hasn't all been clear sailing, however. Distribution has been a sticking point. Potter and Hindy, who mastermind their operation from a 30,000-square-foot warehouse in an industrial section of Brooklyn, handled their own local distribution from the beginning. Initially, however, they relied on other companies to take care of distribution elsewhere.

"Our experience with outside distributors was very disappointing," says Potter.

The truth was, they found, the major brands were not selling as well as the distributors wanted, and they were far more concerned about that than about promoting some new product. Potter and Hindy decided to expand their own distribution operation.

"We'd always distributed in Brooklyn, and we viewed that as a necessary evil," Potter says. "What we decided two years into this was that maybe it was an accidental virtue." Since they were already into distribution, he says, they decided to "approach other gourmet beer companies that were having the same problem and provide them with an answer."

Today the Brooklyn Brewery represents close to 50 microbreweries from around the world and distributes more than 100 distinctive beers. While many of the breweries are competing for much the same market, Potter and Hindy have no problem with that. They feel that distributing a wide variety of gourmet beers is in all the breweries' best interests. "The whole category was being neglected, and that hurt everybody," says Potter.

Looking to the future, Hindy and Potter still hope to accomplish what they initially set out to do—bring the old-time brewing tradition back to the borough. Later this year, they intend to begin brewing beer in their Brooklyn warehouse. NB

PHOTO: GALAN DOROW

Brooklyn's *heyday as a brewing center ended long ago, but Steve Hindy, right, and Tom Potter, seen here with beers they make or distribute, want to bring it back.*

Maxine Lipner is a free-lance writer in New York.

COVER STORY

Leasing Workers

By Rosalind Resnick

Three years ago, David Hinds' small business was hit with an increase of nearly 100 percent in workers' compensation costs on top of annual health-insurance price hikes averaging 20 percent. Whether Hinds' firm, Van Tone Co., a Dallas producer of flavoring extracts, could survive was uncertain.

Hinds' efforts to find a new insurance carrier failed. "We were a 24-employee group, and nobody wanted us," the president of Van Tone recalls. In desperation, on the advice of a friend who was also a business owner, he turned to employee leasing, which offers smaller firms a way to cut benefit costs and get out from under mountains of payroll and administrative paperwork.

The prospect of saving money and time has great appeal to small-business owners and managers, who tend to be chronically short of both. Because it can deliver convenience and savings, employee leasing is expanding rapidly.

There are now more than 1,300 employee-leasing companies and roughly 1 million leased employees nationwide, according to the Aegis Group, a San Bernardino, Calif., consulting firm that specializes in employee leasing. Most of these workers are located in the Sunbelt states. And Aegis forecasts that the industry will expand by about 20 percent a year throughout the decade.

"Small-business owners are facing a mounting tide of regulation and rising health-care costs, and they don't know which way to turn," says T. Joe Willey, president of Aegis and the author of several books on leasing. "Increasingly, they're turning to employee leasing."

Hinds is among the satisfied clients of this growing industry. If it weren't for employee leasing, he says, "we'd probably be out of business." He attributed 70 percent of Van Tone's 1991 profits to savings derived from employee leasing.

But the experiences of some other business owners show there can also be pitfalls in leasing. In recent years, a

Rosalind Resnick is a free-lance writer in Hollywood, Fla.

PHOTO: MARK PERLSTEIN

Before switching *to employee leasing, rapidly rising benefit costs threatened to put David Hinds—at right with employee Randy Price—out of business.*

Leasing your workers can cut benefit costs and reduce piles of paperwork. But it can be risky unless you sidestep the pitfalls.

half-dozen large leasing companies covering about 36,000 workers have collapsed, leaving hundreds of small employers and their workers responsible for millions of dollars in health-care and workers' compensation claims.

For example, CAP Staffing, a North Carolina leasing firm, closed its doors in August 1989 after less than a year in operation, leaving workers with $2.2 million in unpaid health claims in eight

PHOTO: OSANTA FASEO—BLACK STAR

Employee leasing *has meant "a lot fewer problems" for photo lab owner David Kibby, center, shown with Gord Lawton, left, and Dick Kemp.*

states. According to testimony at a Senate subcommittee hearing, company officials drained money from company accounts to pay personal debts. CAP Staffing's president ultimately pleaded guilty to multiple counts of fraud and received a federal prison term of up to six years.

While employees get stuck with unpaid health-insurance claims, employers are left with the tab when something goes wrong with workers' compensation insurance. Paragon Industries, Inc., a Sapulpa, Okla., oil-field-pipe manufacturer that employs 125 workers, was hit with $350,000 in unpaid disability and medical claims after its leasing company, Alliance Temporary Services Inc., failed to purchase workers' compensation coverage. Alliance is now defunct.

Russell A. Weidner, Paragon's vice president, says that his company remained liable despite a signed agreement from the leasing company that the claims would be covered. "The state goes after the next guy up the ladder," he says.

Given the differing experiences of firms like Van Tone and Paragon, companies considering leasing should do so with caution. Begin by understanding what is involved. Basically, here's how leasing works:

You "fire" your workers, who are immediately hired by a leasing company. You then lease them back from that company. Typically, you continue to make all personnel and operating decisions as you did previously, although you may contract with the leasing company to assist with employee recruitment, screening, and performance reviews. "How much of that happens depends on the leasing company the business selects," says Gregory Hammond, an Akron, Ohio, lawyer whose law firm—Hammond and Cunningham—represents more than 100 leasing companies nationwide.

As the employer of record, the leasing organization takes over payroll and benefits administration for your "former" employees. You cover these costs, just as before, and pay the leasing company a service fee.

Although leasing once was used as a union-busting technique, Hammond says that employers and unions increasingly are working together to craft leasing arrangements for their mutual benefit.

For employees, the switch to leasing doesn't necessarily mean the end of long-standing pension plans or the disappearance of seniority benefits such as added vacation days, says Hammond. Employers often leave pension plans and vacation policies unchanged.

For very small firms, the switch to leasing means giving up their exemption from certain state and federal regulations that apply only to firms with 20, 25, or more employees. Companies with fewer than 25 workers, for example, currently are exempt from the employment requirements of the new Americans with Disabilities Act. After entering a leasing arrangement, the law would apply because the small company's work force is considered to be part of the leasing company's larger group.

Once he decided to pursue the leasing option, Hinds settled on Employers Resource Management Co., an employee-leasing company based in Boise, Idaho. The leasing company lowered his health premiums because it has access to cheaper, pooled rates not available to small employers. And it cut Hinds' workers' compensation costs because the leasing company's pool of workers had a better safety record—and therefore lower rates—than Hinds' own firm.

Even as he cut costs, the leasing

arrangement made it possible for Hinds to expand the benefits offered to his workers. The leasing company's health plan added dental and vision care as well as yearly physicals, and it offered a lower deductible and out-of-pocket annual maximum. In addition, Hinds' workers now have access to a credit union through the leasing firm.

Edward Semlitz, owner of Sunstate Courier Inc., in Tampa, Fla., wasn't so lucky, however. Four years ago, he signed up with Action Staffing, Inc., a nationwide leasing firm also based in Tampa. Action Staffing not only agreed to process the payroll for Sunstate's 30 employees but also promised him a 50 percent reduction in health-care costs. But Sunstate's arrangement began to crumble late last year when Action Staffing ran into financial trouble. Hospital and doctor bills that normally were paid within three weeks started taking as long as two months to be paid, Semlitz says. Other claims were never paid.

Then, under pressure from the Florida Department of Insurance, which declared the leasing company to be insolvent, Action Staffing pulled out of the employee-leasing business—leaving Sunstate and hundreds of other companies on the hook for a total of $4.4 million in unpaid claims.

Semlitz, 63, says that he and his employees now face about $60,000 in unpaid health-care bills—and they are being dunned by local hospitals and their collection agencies. Meanwhile, the new employee-leasing company he has signed up with won't insure his wife, who suffers from multiple sclerosis. "It was the only deal we could get," Semlitz says. "I didn't have a choice."

The problems caused by a relatively few leasing companies generally stem from the ease with which large sums of money can be improperly used. A leasing company doesn't need a huge client base before it is dealing with millions of dollars. "In this business, we handle a lot of money," says Rex Eley, president of the Sunmark Cos., an employee-leasing company in Little Rock, Ark. "That's why the people in this business need to be financially responsible."

According to the U.S. Senate Permanent Subcommittee on Investigations, abuses developed because the leasing industry operates in a near vacuum of regulation, with neither state nor federal agencies having clear authority. The subcommittee found that many leasing companies claim they are exempt from state insurance regulation under provisions of the federal Employee Retirement Income Security Act (ERISA). However, the subcommittee concluded that this claim was largely an excuse to avoid state regulation. But the states argue that ERISA is too complex, creating opportunities for leasing companies to escape regulation.

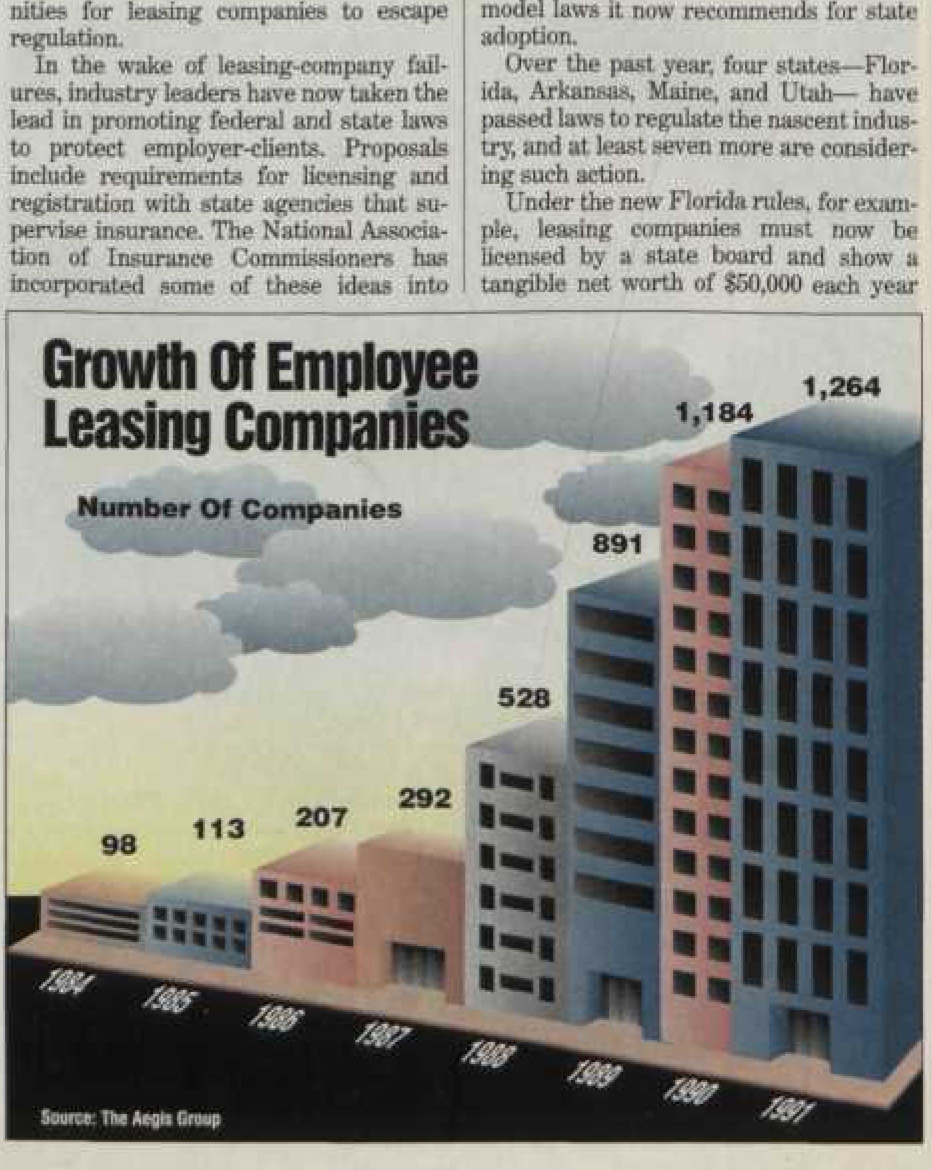
PHOTO: STEVE JENNINGS

Paragon Industries Inc. *was left with $350,000 in unpaid workers' comp claims, say Russell A. Weidner, executive vice president, left, and Jack E. Wachob, president.*

In the wake of leasing-company failures, industry leaders have now taken the lead in promoting federal and state laws to protect employer-clients. Proposals include requirements for licensing and registration with state agencies that supervise insurance. The National Association of Insurance Commissioners has incorporated some of these ideas into model laws it now recommends for state adoption.

Over the past year, four states—Florida, Arkansas, Maine, and Utah— have passed laws to regulate the nascent industry, and at least seven more are considering such action.

Under the new Florida rules, for example, leasing companies must now be licensed by a state board and show a tangible net worth of $50,000 each year



and positive working capital. The Arkansas statute calls for licensing fees of up to $5,000 a year plus a $50,000 bond, or equivalent securities, or a financial statement showing a net worth of $100,000.

"It's in our best interests" to support the reform efforts, says Carlos Saladrigas, president of the Washington-based National Staff Leasing Association, the largest industry trade group. "This is an industry that still is in the entrepreneurial stage. You have a lot of cash flowing through, and that's a recipe for unscrupulous operators to come in."

In addition, the industry is asking Congress to give state and federal regulators greater enforcement powers and to clear up current confusion about who is responsible for regulating leasing companies—the states or the federal government. Congress this year considered four separate bills that would toughen regulations affecting leasing companies, but failed to act.

Although employee leasing has gained much of its momentum over the past several years, the practice actually dates back to the 1970s, when a loophole in federal tax law made staff leasing advantageous for high-income professionals who wanted to exclude their lower-paid workers from company pension plans.

When Congress closed that loophole with the Tax Reform Act of 1986, the leasing industry sought other markets. The timing was right. The economic boom of the 1980s had produced a massive increase in the number of small businesses whose owners were open to prospects of paperwork reduction, lower administrative costs, and discounted insurance plans.

The fast-expanding industry was able to convince more and more employers that achieving those goals would leave them better off financially after covering the cost of the leasing arrangement itself. In most cases, leasing arrangements do save the client businesses money.

George Gersema, chief executive of Employers Resource Management, in Boise, says that leasing companies charge 1 to 5 percent of the client company's payroll—typically $30 to $75 per employee per month—for administrative services such as payroll processing. That doesn't include the monthly premiums for health and workers' compensation benefits.

As a rule, Gersema says, businesses that buy their benefits through employee-leasing companies can expect to save 15 to 30 percent on their health premiums, depending on the size of the company, the age of its employees, and the state where the firm is located.

Leasing companies can typically deliver lower costs and better benefits because they purchase health plans for thousands of employees. Size gives leasing companies far more purchasing power than a typical small employer could obtain in shopping alone for a health plan.

Savings on workers' comp can also be substantial, says Gersema. Unlike health insurance, workers' comp does not involve a volume discount. Premiums are tied to each company's accident record. In general, the higher the accident rate, the higher the workers' comp premium.

Nonetheless, leasing can cut a company's workers' comp costs both in the short run and in the long run. Here's how:

Many small companies—even though they have low accident rates—must purchase their workers' comp insurance from state high-risk pools, in most instances because these firms simply cannot find an insurer interested in their business. Risk pools typically charge higher rates than the so-called voluntary market, and many impose surcharges. "It's not uncommon for us to pick small businesses out of the residual market [high-risk pools] and cut their costs in half," says Gersema.

Even companies with poor accident records can cut their workers' comp costs over time through leasing, Gersema says. The key is to improve safety through a program supervised by the leasing firm. His company, for example, conducts safety inspections of client companies and requires each one to appoint a safety manager.

PHOTO: ADRIAN SMITH

It's in our best interest *to support reforms, says Carlos Saladrigas, of the National Staff Leasing Association.*

Once an accident occurs, Gersema's company provides clients with the names of doctors who are skilled in treating workplace injuries and who will treat leasing-company clients for discounted fees.

Before signing up for any leasing company, it's important to understand how its health and workers' comp plans work. Find out if the company's health plan is insured or self-insured. Leasing firms that purchase a policy from an insurance company offer insured health plans. Those that pay claims out of a pool of premiums collected from companies serviced by the leasing firm are self-insured plans.

"Probably about one-third of all leasing companies self-insure," says Akron lawyer Hammond. He adds that self-insurance "is declining because of regulatory pressure."

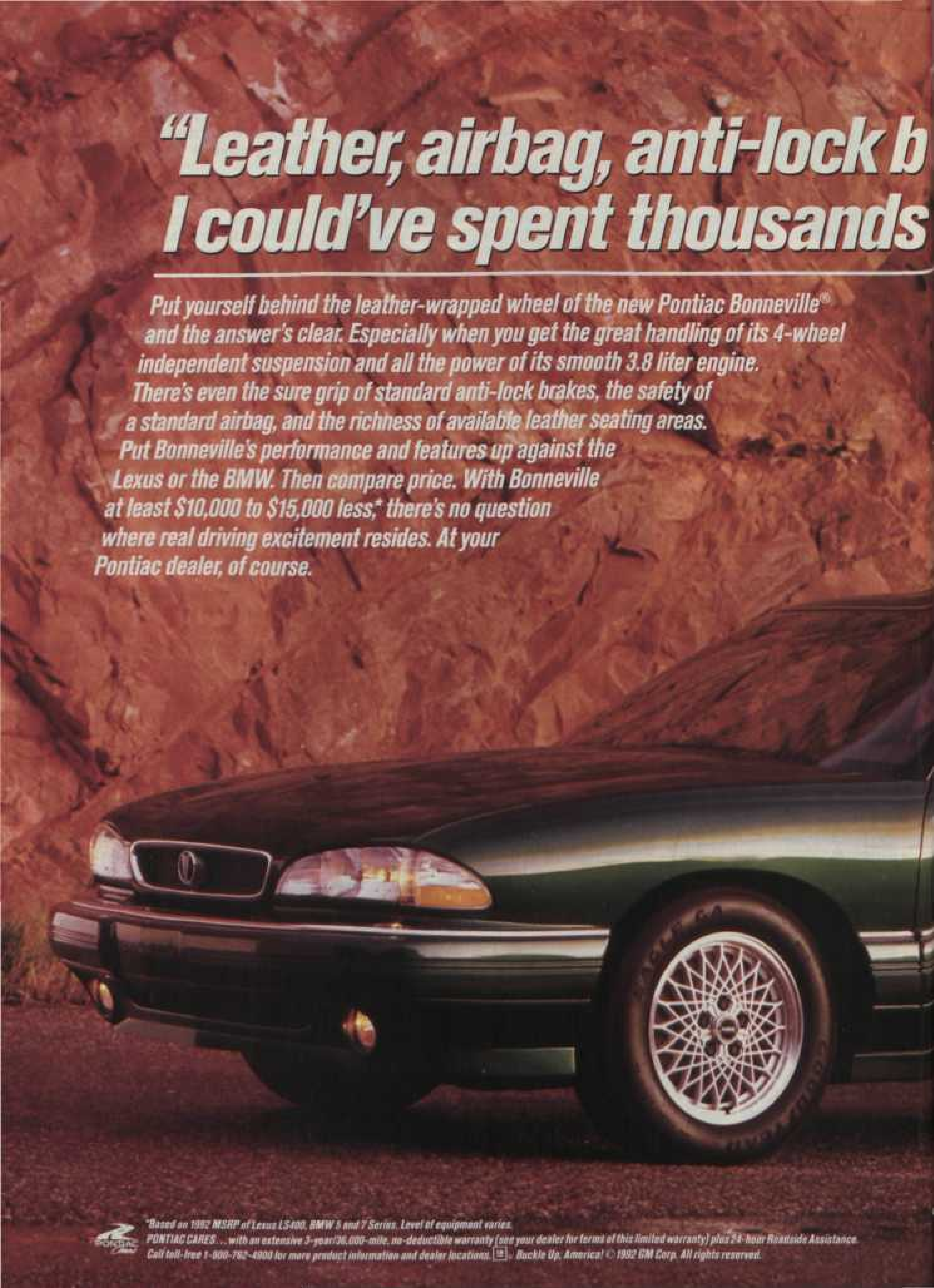
If the health plan is backed by an insurer, ask about the insurance company's financial condition, turnaround time on claims processing, and approach to rate increases once someone becomes ill or develops a chronic medical condition.

Leasing companies that self-insure do so for the same reason most large companies self-insure—to save money on premiums by eliminating insurance company overhead. Self-insured plans work well when managed properly. But the premium dollars pouring into these plans can also be mismanaged or even siphoned off by unscrupulous operators.

When a leasing company self-insures, it hires a third-party administrator to handle the claims paperwork and pay bills. In some instances, these administrators also are major insurance companies. But just because a big-name insurance company serves as the claims processor doesn't mean that the insurer is backing the leasing company plan with an insurance policy. Some leasing companies have misled clients about the role of major insurers whose only responsibility is to process claims, not underwrite the health plan.

It's also important to know how the leasing company manages workers' comp premiums and claims. A good leasing company will help employers contain costs through screening of job applicants, workplace safety programs, and case management once a worker is injured, says Saladrigas. In addition to being president of the National Staff Leasing Association, he is chief executive of Vincam Human Resources, Inc., an employee-leasing firm in Miami.

Beware of new leasing companies that


"Leather, airbag, anti-lock b
I could've spent thousands
Put yourself behind the leather-wrapped wheel of the new Pontiac Bonneville® and the answer's clear. Especially when you get the great handling of its 4-wheel independent suspension and all the power of its smooth 3.8 liter engine. There's even the sure grip of standard anti-lock brakes, the safety of a standard airbag, and the richness of available leather seating areas. Put Bonneville's performance and features up against the Lexus or the BMW. Then compare price. With Bonneville at least $10,000 to $15,000 less,* there's no question where real driving excitement resides. At your Pontiac dealer, of course.
*Based on 1992 MSRP of Lexus LS400, BMW 5 and 7 Series. Level of equipment varies.
PONTIAC CARES... with an extensive 3-year/36,000-mile, no-deductible warranty (see your dealer for terms of this limited warranty) plus 24-hour Roadside Assistance.
Call toll-free 1-800-762-4900 for more product information and dealer locations. Buckle Up, America! © 1992 GM Corp. All rights reserved.


rakes...
more, but why?"
The New Bonneville.
PONTIAC
WE ARE DRIVING EXCITEMENT

manipulate the system to slash premiums, Saladrigas warns. "This is the biggest source of abuse," he says. Here's what can happen:

A new leasing company starts with a clean accident slate and low workers' comp premium rate, making it attractive for companies with poor safety records and high rates to switch to the leasing company for a big discount. But without an effective safety program, the big discounts won't last because adverse claims experience from client companies will eventually drive up the leasing company's workers' comp rates. "It won't take long for the leasing company's experience rating to go through workers' comp meltdown," says Saladrigas. "Once the rates go up 300 percent, the leasing company closes down and starts a new company, beginning the cycle again."

The National Council on Compensation Insurance (NCCI), an insurance industry trade group based in Boca Raton, Fla., has been hot on the trail of leasing scams in the workers' compensation arena. In May, a Texas judge approved a settlement requiring a Louisiana leasing company to pay a group of workers' compensation insurers $18 million plus interest.

The insurers, in a suit filed by NCCI, alleged that the leasing company was formed by a Louisiana trucking firm to avoid paying its appropriate level of workers' comp insurance premiums.

NCCI is cooperating with a group of workers' compensation insurers to crack down on premium fraud from all sources. Sally Narey, NCCI's general counsel, notes that the battle against leasing fraud is far from over. "We think that [workers' compensation] fraud is still a very important area and that we need to continue our efforts," says Narey.

Nonetheless, small businesses that exercise caution and do sufficient research can avoid such problems and find leasing an attractive proposition, the industry says.

These examples, provided by Employers Resource Management Co., the employee-leasing firm based in Boise, show how the savings can add up:

■ By signing up with an employee-leasing company, an Ohio manufacturer with 48 employees pays biweekly premiums of $651 for workers' compensation coverage (a savings of $496.50 over the company's existing coverage). And it pays $3,820.50 monthly for health- and life-insurance benefits (a savings of $783).

Although health costs were cut, benefits improved. For example, the annual medical deductible dropped to $100 from $250. And the new health plan offered dental coverage and free generic drugs. The old plan did not cover dental work, and it required individuals to pay 20 percent of prescription drug costs. On the downside, the new plan gave everyone $15,000 in life insurance; the old plan gave everyone a policy equal to annual salary.

■ A California plumbing company with 12 employees pays a biweekly premium of $348 (a $98 savings) to buy its workers' compensation coverage through a leasing company and $494 (a $464 savings) for health and life insurance.

Again, benefits improved. The annual per-person deductible fell to $250 from $500, and employees now pay 10 percent toward the purchase of generic drugs, compared with a flat charge of $15 per prescription under the old plan. Everyone received $15,000 in life insurance, up from $10,000 each under the old plan.

PHOTO: ERIC FERRO

Edward Semlitz's *employees at Sunstate Courier Inc., in Tampa, Fla., got stuck with $60,000 in unpaid health claims.*

Signing up with a leasing company doesn't always mean paying less, however. For some businesses, it means paying out more money to gain benefits that were unavailable before. A five-employee Texas medical clinic, for example, saves $13 biweekly (paying $42) on its workers' compensation premiums through an employee-leasing plan. The same company, which was not able to afford health- or life-insurance benefits before, now pays $375 biweekly for a health plan that includes the same benefits as the plan covering the 48-employee Ohio manufacturer.

But dollar considerations aren't always the determining factors in deciding whether to go with or continue with leasing. "Price is the reason why most companies switch to leasing, but convenience is why they stay," Gersema says. "It's just a better way to do business."

David Kibby, owner of Kibby Labs, Inc., a 42-employee commercial photographic printing lab in Madison Heights, Mich., switched to leasing nearly two years ago after a dispute with his insurance company over a medical bill. Back then, Kibby recalls, he was spending so much time dealing with paperwork that he didn't even have time to call on customers.

Last year, with a leasing company handling everything from payroll and withholding taxes to federal workplace-safety requirements and the company's 401(k) savings plan, Kibby was back making sales calls—and single-handedly ringing up a whopping $500,000 in orders.

Although Kibby hasn't calculated how much the leasing arrangement has saved his firm, he knows it has saved him a lot of headaches. "All I know is that now I go home with a lot fewer problems," he says.

Brenda Counsell also finds leasing convenient. Counsell, corporate secretary of Community Medical Equipment Corp., a Fort Lauderdale, Fla., company with six employees, says her firm has shaved 40 percent off its health-care bills since signing on with Payroll Transfers, Inc., a Tampa leasing company, in October 1991. Previously, she says, her company was paying $140 to $150 per employee per month for health insurance; now it's paying about $100. Payday is also a snap. "All I do is fax my hours to them, and they put the payroll on my desk," Counsell says. "I've never had a problem."

Convenience was also a selling point for Bruce Forge, president of CityWide Mortgage, Inc., a nine-employee mortgage broker in Tustin, Calif. Forge, who switched to employee leasing in 1987, says he used to handle the payroll himself. He also tried to keep current on every new government regulation. These days, his leasing company, Your Staff, Inc., of Woodland Hills, Calif., takes care of all of his personnel matters, right down to placing the "Help Wanted" ads in the newspaper and screening would-be employees.

"Before, it was very labor-intensive" Forge says. "Even with one employee, you have the burden" of keeping up with rules and regulations. Payroll, which once took him hours, is now wrapped up in about five minutes, Forge says.

Despite the spate of reform efforts and the many positive experiences that small employers report with employee leasing, business owners still must tread cautiously—even when dealing with a legitimate leasing company. One potential pitfall is employer liability. Just because a leasing company becomes the employer of record does not mean that the client

INDEPENDENCE LIVES ACROSS THE USA

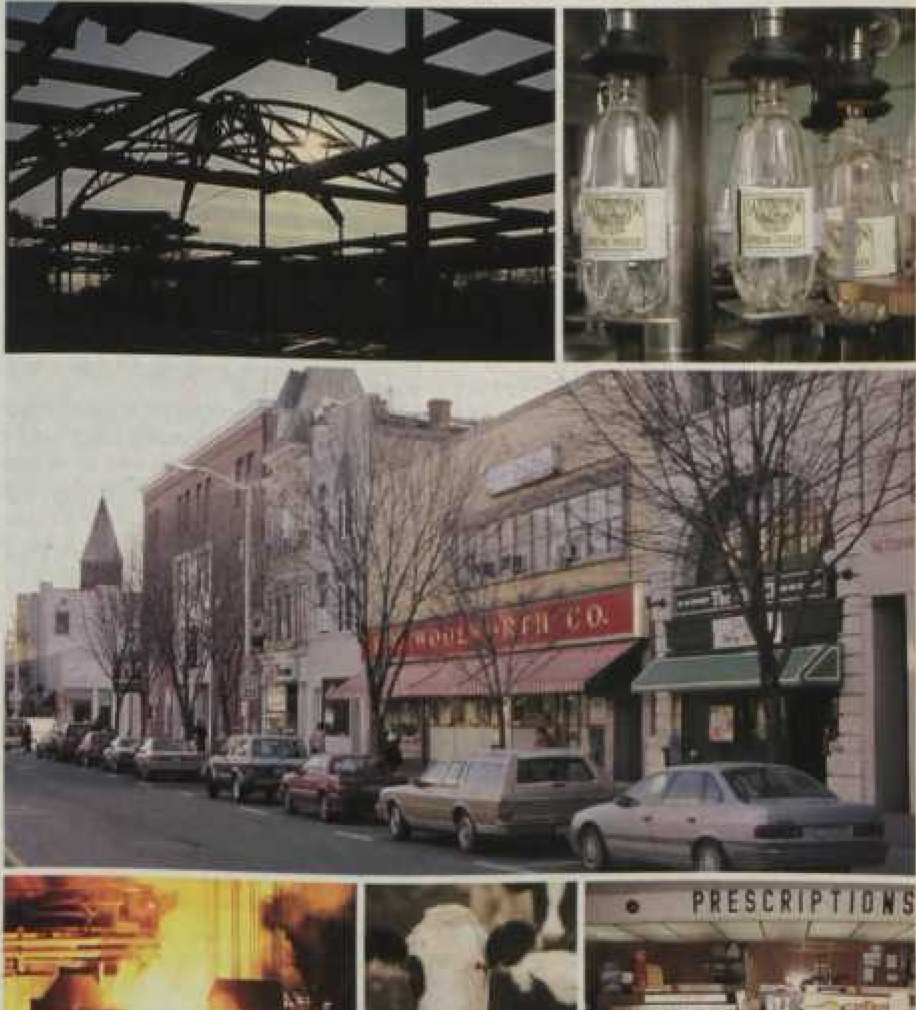
IN AN ECONOMY BUILT ON DIVERSITY AND INDIVIDUAL EFFORT, YOU WANT AN INSURANCE AGENT WHO THINKS LIKE YOU DO– INDEPENDENTLY

Let's face it: no one insurance company is likely to have all the right insurance choices for every business need in America.

To exercise true independence and freedom of choice, you want an insurance agent who thinks independently— not on behalf of a company that employs its own sales force. However professional those sales people may be, they can offer you coverages only from the company they work for.

Independent insurance agents work for you. And their obligation is to help you find the right policy for your needs. From the right company. And at the right price.

Put that independent thinking and freedom of choice to work for you. Check the Yellow Pages and establish a relationship with an independent agent today—to get the right insurance choices in the future.

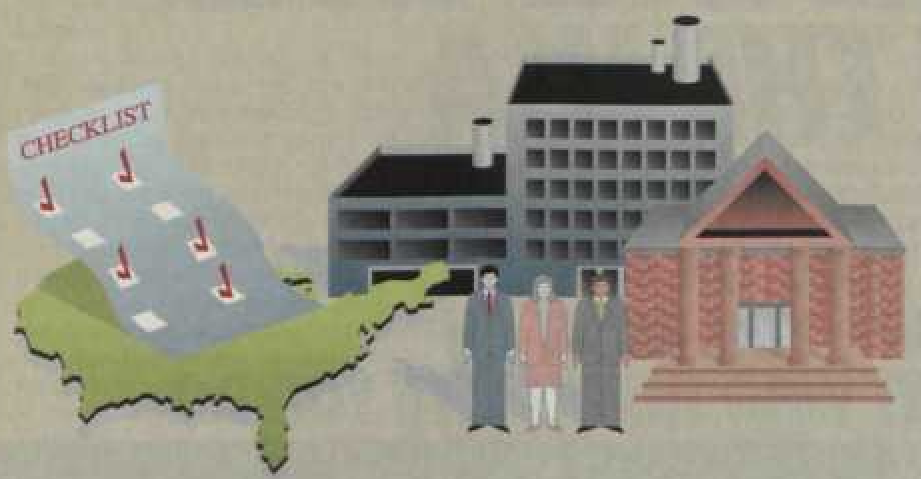


Independent Insurance Agent

INDEPENDENT INSURANCE AGENTS OF AMERICA

It pays to make the independent choice.

A Checklist For Screening A Leasing Company



Before making a commitment to a leasing company, make sure that it is honest, well-managed, and financially stable. To help you decide if it meets the criteria, ask the company these questions:

How long has your company been in business?

The longer the company has been around, the more likely it will continue to exist. Don't accept rapid growth as a substitute for longevity. Such growth could mean that the leasing firm has been low-balling its insurance rates to gain market share or putting too much of its revenue into slick marketing campaigns.

What are the names of clients I can contact for references?

It's important to talk to clients who can attest to the leasing company's accuracy and timeliness in meeting payroll as well as to the responsiveness of its insurance carriers or third-party administrators in paying claims.

If the company won't give you client references, take your business elsewhere. Even if you receive a listing, it might be a sanitized one. Use your business contacts to get names of clients not on the company's list. Also, make sure you can cancel the contract with 30 days' notice if the arrangement doesn't work out.

What are the names of your bank, insurance broker, and insurance carrier?

To find out about a leasing company's financial health, it's vital to ask for credit references from its bank. The leasing company can authorize its bank to give out references. The leasing company's insurance broker can provide details on the company's workers' compensation and health-insurance plans, and the duration of the company's relationship with its insurance carriers.

Ask the insurance broker for the A.M. Best financial rating of the insurance companies used by the leasing firm. A Best rating of A or higher means the insurer is in solid financial shape.

Also check to see what kind of reinsurance the leasing company has—that's your guarantee against catastrophe if the company's claims exceed a certain level.

Is your company or your third-party administrator licensed to sell insurance in my state?

Many employee-leasing companies are self-insured, which means they use an independent company known as a third-party administrator to handle claims paperwork and pay bills. Call your state insurance commissioner to check on the status of the administrator's license.

Have you been audited by an independent third party?

If the answer is yes, ask to see an audit report. A negative response is a warning signal. It's important to get proof that all tax deposits, insurance premiums, and employee-benefits payments have been made on time. If the leasing company doesn't pay, you could get stuck holding the bag.

In addition, check to see if the leasing company can furnish an opinion letter from a law firm stating that the company is in compliance with the applicable state and federal labor and pension laws.

Are you licensed to do business in my state?

Most of the time, the answer will be no. To date, only Florida, Arkansas, Maine, and Utah have set up boards to regulate employee-leasing companies.

For companies outside those states, check on whether they belong to the National Staff Leasing Association, which represents most of the industry's major players and maintains a database of information on leasing companies.

company—often the one that hired the workers in the first place and continues to supervise their day-to-day activities—no longer has legal liability for workers' actions.

Hammond, the Akron lawyer, says that a contract between a leasing company and a client may be considered, in the eyes of the law, a "shared employment" arrangement. This means that the small-business owner is partly responsible for sexual-harassment claims, discrimination suits, and the like. The degree of employer liability rests with the circumstances of each case, he says.

"A good leasing company is in the business of nightmare reduction," Hammond says, "but a leasing company cannot take the liability away from you."

Although there are risks inherent in employee leasing, they are outweighed by the numerous benefits of such an arrangement, say many small-business owners. Even Paragon Industries' painful experience with employee leasing hasn't soured the firm on the concept. "If it were a bona fide company, we'd consider it again," says Weidner, Paragon's vice president.

The key to making the most of employee leasing, experts say, is picking the right leasing company.

Saladrigas, who also is chairman of Florida's newly created Board of Employee Leasing Companies, suggests that employers check with their state employee-leasing board to see if the company they are considering is licensed and, if there is no board, to check on whether the company is a member of the National Staff Leasing Association.

It's also a good idea to call a few of the leasing company's clients and ask them about the company's reputation and track record in paying claims, Saladrigas says.

Overall, says Saladrigas, small businesses exploring leasing should remember that the same principle applies here as in any other business transaction: "You don't get something for nothing. If, all of a sudden, somebody offers you a dollar for 50 cents, beware."

For More Information

For a free fact sheet on employee leasing and a list of key questions to ask before leasing, or for assistance in picking a leasing company, write or call the National Staff Leasing Association, 1735 North Lynn St., Suite 950, Arlington, Va. 22209; (703) 524-3636.

To obtain a copy of T. Joe Willey's book *The Business of Employee Leasing*, which sells for $37.50, write to the Aegis Group, 1911 Commercenter East, Suite 300, San Bernardino, Calif. 92408-3318, or call 1-800-262-3447. NB

To order reprints of this article, see Page 83.

When "Just In Time" Just Isn't Enough

By Michael Barrier

Drive up to the American Standard Inc. plant in Trenton, N.J., where that big manufacturer makes bathroom fixtures, and you'll see a facade whose design speaks clearly of the 1930s, with echoes of the then-popular Art Deco style. The plant is in fact even older than it appears. According to David Hurley, the plant manager, it was built in 1925; later additions, made after American Standard bought the plant in 1929, give it a slightly more up-to-date look.

But if the Trenton plant evokes nostalgia for bygone days of American manufacturing, it shouldn't—because there is nothing backward-looking about what is happening in that plant, and in dozens of other American Standard plants around the world. The people who work in those plants are making profound changes in the way they do things, and those changes will affect many other businesses.

What is happening at American Standard exemplifies the changes that many large firms are making. There is no way that small businesses can avoid the impact of those changes. Neither is there any reason that they should want to.

Since early 1990, American Standard has been converting all of its operations—it manufactures not just sinks, bathtubs, and toilets, but also air-conditioning units and automotive braking systems—to what it calls "demand-flow manufacturing." As an American Standard fact sheet puts it, manufacturing of this kind "is customer-driven, rather than forecast-driven. Instead of producing in long runs and large batches, then storing products until they are sold, demand-flow lines create a variety of items each day, keyed to direct customer orders."

In this way, and in others, demand-flow manufacturing fits under the big tent known as Total Quality Management, the cluster of techniques that many American businesses have been adopting to improve the quality of their goods and services. TQM is, above all, customer-oriented; but it is employee-oriented, too, and American Standard identifies with that side of TQM through its goal of empowering employees "by enabling them to manage their own part of the production process, ... and actively participate in decision-making on the line."

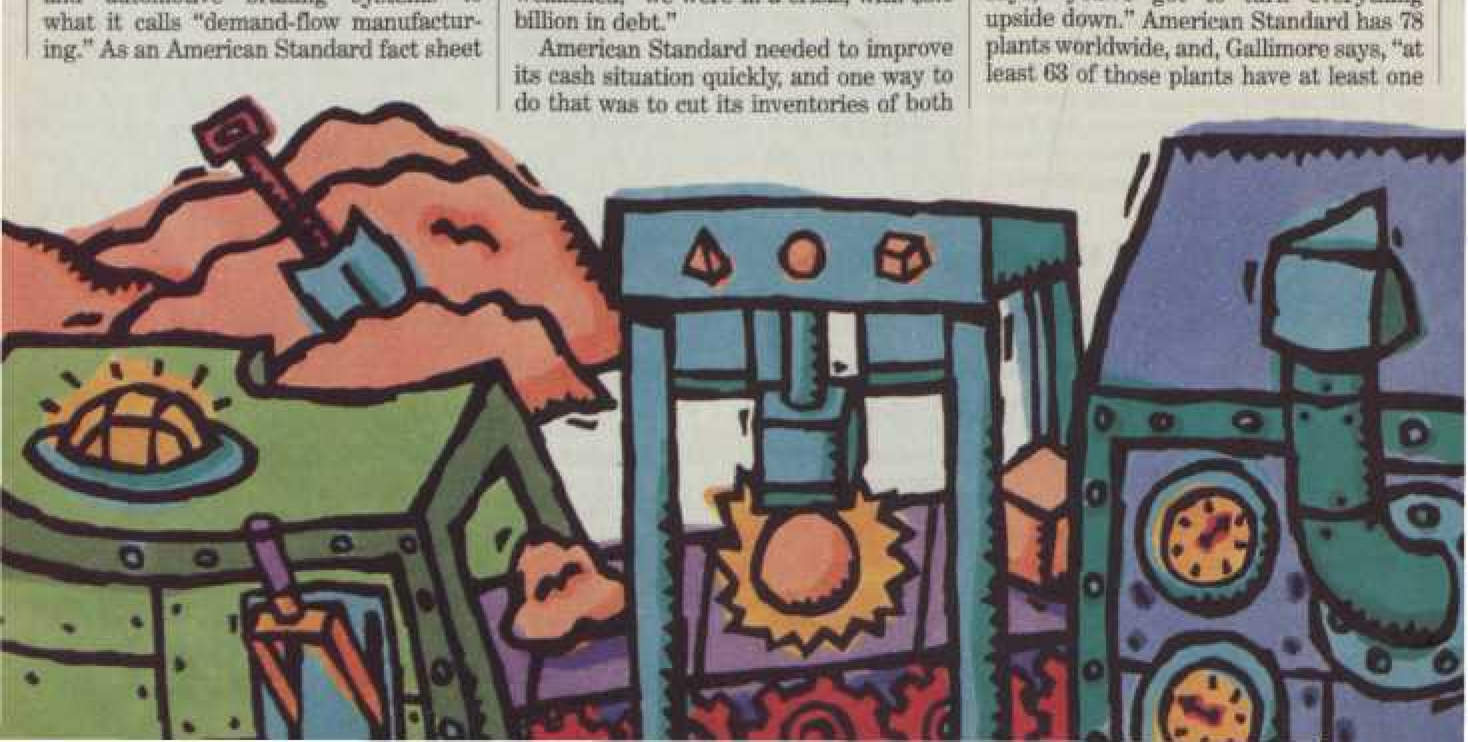
Like many of its peers, American Standard took the plunge into quality management out of necessity. The company went through a leveraged buyout in 1988, as the alternative to a hostile takeover. At the time, says Emmanuel A. Kampouris, American Standard's president and chief executive officer, "management realized that we might be going through some tough times. That was an understatement." When the economy weakened, "we were in a crisis, with $3.1 billion in debt."

American Standard needed to improve its cash situation quickly, and one way to do that was to cut its inventories of both finished goods and raw materials. Many companies have sought to reduce inventories through "just-in-time" deliveries from vendors (the JIT term, and the concept, come from Japan), so that raw materials aren't stockpiled but arrive just as they're needed.

"We thought we were doing JIT since 1979," Kampouris says. But the results were not impressive. Under that JIT program, says Cyril Gallimore, American Standard's vice president for systems and technology, "people could demonstrate pockets of success here and there, but it wasn't a cohesive program." American Standard's top managers came to realize, Kampouris says, that JIT must be "only one part" of "a total philosophy."

When American Standard got into demand-flow manufacturing around two years ago, it had a specific inventory-reduction goal in mind. "We used that as a focus," Kampouris says, "but [demand-flow manufacturing] is not an inventory-reduction program. It improves your efficiency 15 to 20 percent, it improves your quality, it shortens your cycle time so that you're more responsive to the customer and can gain market share"—and, almost if not quite incidentally, it drastically reduces inventories.

To achieve such results, Kampouris says, "you've got to turn everything upside down." American Standard has 78 plants worldwide, and, Gallimore says, "at least 63 of those plants have at least one



Big companies that commit themselves to comprehensive quality programs put new demands on their suppliers—and create new opportunities for them, too.

demand-flow line in operation." Of the company's 32,000 employees, close to half have been trained in demand flow, including most top managers.

The first step in converting a plant to demand-flow principles, Kampouris says, is to analyze the existing flow, to determine when value is being added to the product. "Typically," he says, "you'll find that 90 percent of the time, nothing is happening to the product."

Demand-flow manufacturing, by contrast, calls for "collapsing cycles," as Kampouris says—the product must be moving continuously, and never bogged down in "dead time." To achieve maximum flexibility, he says, "you must organize your production line to make every model every day, so you can make anything any time."

Demand-flow manufacturing thus requires constant movement, and constant adjustment, and that means that flaws and bottlenecks show up quickly. As Kampouris says, "If you're set up on the flow process, everything's visible." In such an environment, continuous improvement—the goal of all TQM programs—becomes a necessity, and then, as Kampouris says, "a habit."

Because demand-flow is a "pull" system, installing a demand-flow production line involves starting with the last stage before a product leaves the factory, and working backward. The Trenton plant, for instance, first applied demand-flow principles to work on a one-piece toilet, starting with its emergence from a 1,230-degree kiln, through its placement in a carton for shipment. "That used to take us 180 hours," Gallimore says. "Today we do it in about four."

By the end of this year, Gallimore says, demand-flow manufacturing will have worked its way through the plant all the way back to the actual casting of the fixtures. With that change will come corresponding changes in how the plant deals with its suppliers, large and small alike.

In effect, the plant will ask its suppliers to become part of the demand-flow system, by responding quickly and flexibly to the plant's needs. A responsive supplier will become part of the system in another sense: The old idea that competing suppliers should be played off against one another is fading fast at American Standard, to be replaced by a new sense of partnership.

"We'd rather have fewer suppliers," Gallimore says, "and have an extremely good relationship with them, and give them a good understanding of what we're trying to do." The Trenton plant now deals with around 400 suppliers, a figure that is sure to shrink.

The plant spends over $1 million a year on cardboard shipping cartons, and the company that makes them was the first supplier to feel demand-flow's impact. American Standard used to order a month's worth of cartons at one time, turning the plant into a sort of makeshift carton warehouse. Now it stocks enough cartons for about two weeks at most. As Marianne Dolan, the plant's purchasing agent, says, "It's always in flux, it's always moving, so you have [fewer cartons] than that, as the system pulls."

As Dolan says, demand-flow doesn't mean that "we're calling [the supplier] today and saying, in a panic, 'We're out.'" Instead, an order goes out automatically when the supply of cartons drops to a predetermined level. The supplier gets five days' notice to produce a quantity that is always the same.

Other American Standard plants are farther along the demand-flow road. "We have some suppliers that we've certified," Kampouris says, "and then we don't inspect. You have to have confidence in your supplier, and the way to get that is to go there and visit." American Standard itself must meet strict quality audits by other large manufacturers that buy from it, and it applies the same standards to its own suppliers.

It is in such ways that the quality movement is spreading, touching more and more companies of all sizes, and gradually transforming the nation's economic life. Cumulatively, the changes so far are impressive; but so are the changes that are still needed. Emmanuel Kampouris could be speaking for all of American business, and not just American Standard, when he says, "As the song says, we've come a long way, but we've only just begun." NB

Videotapes of the Total Quality Management seminars televised nationally by the U.S. Chamber of Commerce can be purchased. See the ad on Page 50 for details.

MANAGING

Quality Standards That Can Open Doors

To compete in foreign markets, U.S. firms should meet the quality-assurance standards of ISO 9000.

By Todd Leeuwenburgh

Coiled tubing is a critical element in the oil-service industry's efforts to increase the flow of faltering oil and gas wells. Among other uses, the tubing is run to depths of 24,000 feet, to carry a strong solution of hydrochloric acid to dissolve a blockage or of nitrogen gas to force out oil.

Because of the potential danger and expense of tubing failures, the industry insists that its suppliers meet the highest standards of quality and reliability.

Precision Tube Technology, Inc., of Houston, was aware of those demands when it went into business in 1990 and quickly built an international customer base. The new company gained certification through the ISO 9000 series of quality-assurance standards.

ISO is the abbreviation of the International Organization for Standardization.

Mark Rheinlander, manager of quality assurance at Precision Tube, which has 34 employees, says: "This registration really set us apart because our competitors are not registered. ... There has been a definite increase in sales."

American firms that have not already done so should begin exploring the admittedly complex, difficult, expensive, but potentially rewarding process for ISO certification. Audits are conducted by independent outside registrars who meet international standards of competence.

The purpose of ISO 9000, says the International Division of the U.S. Chamber of Commerce, is "to ensure that a manufacturer's product is exactly the same today as it was yesterday, as it will be tomorrow," and that "goods will be produced at the same level of quality even if all the employees were replaced by a new set of workers."

ISO 9000 certification in effect is becoming a market requirement for doing business in Europe for companies in certain highly competitive, high-technology industries such as electronics, chemicals, and aviation.

Another U.S. firm certified under the ISO quality standard is the Foxboro Co., which has 4,500 employees at four sites in southeastern Massachusetts. It manufactures instrumentation and process-automation systems for various industries.

John Rabbitt, director of Foxboro's Business Quality Division, explains: "ISO 9000 is about good business practices. It provides the processes that locate and deal with problems. It is a foundation that allows the company to move ahead because the quality system can survive employee turnover."

Richard Clements, founder and president of an Alto, Mich., consulting and training firm on quality matters that

Todd Leeuwenburgh is a free-lance writer in Washington, D.C.

Adoption of the ISO 9000 *quality-assurance standards at Precision Tube Technology, in Houston, has "really set us apart because our competitors are not registered," says Mark Rheinlander, manager of quality assurance, at right. "There has been a definite increase in sales."*

PHOTO: GREG FREEDMAN—BLACK STAR

ISO 9000 *"provides the processes that locate and deal with problems," says John Rabbitt, left, director of business quality at Foxboro Co., an instruments maker, shown with S. Hasan Rizvi, director of corporate quality assurance.*

include ISO, says there are three types of companies that should be considering ISO 9000 certification.

The first group, he says, consists of companies whose products are safety- or health-related and must meet ISO 9000 standards if they want to do business in the European Community.

In the second category, Clements says, are exporting companies whose customers currently require—or eventually could require—ISO certification as a condition of doing business.

The third group on his list is made up of companies that see ISO 9000 certification as a way to "enhance their marketing strategies" if and when they enter global markets.

The ISO 9000 series has five subdivisions. The 9000 category is a description of the standard series, and 9004 is primarily a guidance document. A company actually seeks certification under one of the remaining categories:

- 9001 is for "complete companies" that research, design, build, ship, install, and service products.
- 9002 is for companies that produce and install products.
- 9003 is for companies, such as warehousing and distribution firms, that add value.

For example, a 9001 analysis of how a company manages its quality-assurance activities covers management responsibility; the quality system; contract review; design control; document control; purchasing; purchaser-supplied product; product identification and traceability; process control; inspection and testing; equipment for inspection, measuring, and testing; inspection and test status; control of nonconforming product; corrective action; handling/storage/packaging/delivery; internal-quality audits; training; servicing; and techniques for gathering and using statistics.

At present, about 400 U.S. companies have gained ISO 9000 certification, and thousands of others are seeking it. That demand, however, points up the fact that there are now only about 30 registrars who can provide the certification required by European and other international customers of U.S. exporters. The result, says consultant Richard Clements, is a backlog of a year to 18 months. The problem is the lack of a recognized U.S. agency to certify registrars with the same standing as the European-certified registrars.

At present, U.S. registrars wanting the results of their work recognized overseas have gained their status through arrangements with European agencies authorized to approve registrars. Steps to permit direct U.S. accreditation of registrars are under way. While an increase in the number of registrars will speed the evaluation process, it will still be a very difficult challenge for a company. Clements points out that approximately 70 percent of applicants flunk on their first try. There is no limit on the number of times a company can apply for certification.

But the prospect of failure should not determine whether to seek ISO certification, he adds. What should?

Clements says: "If your customers ask you if you are certified, I strongly recommend that you should start taking the steps to get you there."

For More Information

ISO 9000—An Introduction for U.S. Business is a guide available for $5 from International Division Publications, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000. In addition to providing basic information, this guide includes a listing of additional sources of information. Make checks or money orders payable to the U.S. Chamber of Commerce/Publications. NB

To order reprints of this package on quality management, see Page 83.

POLITICS

Term-Limit Drive Continues

Voters' anti-Congress mood is buttressing the movement to cap lawmakers' terms, advocates say.

By Paul Clancy

Under the leadership of Rep. Guy Vander Jagt of Michigan, the 1992 Republican strategy for electing more Republicans to the U.S. House of Representatives was geared to the nation's anti-Congress mood.

Seeking to dislodge the Democratic majority that has run the House for 42 of the past 46 years, the GOP called for change.

Vander Jagt can offer rueful evidence of that message's effectiveness. After 26 years in the House, 16 of them as chairman of the National Republican Congressional Committee, the congressman was defeated in his district's GOP primary this year.

He thereby joined the fast-growing ranks of members of Congress who won't be returning to the seats they now hold. Some were defeated in primaries. Some decided to leave rather than face primary or general-election challenges they were not optimistic about winning. Some are running for other offices.

Another factor in the number of departures: This is the last opportunity for members to take unused campaign funds with them when they leave office.

There could be as many as 150 new members in the House when the 103rd Congress takes office in January, compared with the post-World War II record of 118 elected in 1948.

The anti-Congress mood that Vander Jagt sought to exploit for his political party results from a combination of factors—uncertainty about the economy, ethics scandals, and the general sense that the federal government just isn't working well.

And control of the Congress has become a factor in the presidential race, with President Bush appealing for election of a Republican majority to break the gridlock that has resulted from divided control of the executive and legislative branches.

Embarking on that strategy, the president declared: "I'll go into a congressional district, and I'll say, 'You have the worst congressman that you know. You think he's a nice guy, but he's terrible, because here's what he's doing. . . .'"

All this attention to effecting congressional change through existing political procedures has developed simultaneously with another movement that has the same end but advocates vastly different means—setting limits on the time that a person can serve as a member of Congress.

The campaign's declared goal is to end the domination of Congress by career lawmakers whose incumbency gives them visibility and resources that few challengers could match.

The result of such entrenchment, term-limit advocates believe, is a congressional membership increasingly isolated from the public and more concerned about consolidating personal power and perquisites than serving constituents.

Term limits would correct that situation, supporters of the movement say, through a continuing infusion of citizen-lawmakers who would serve no more than their allotted time and would return to their home communities.

But the imminent turnover in Congress has become the basis for a counterargument that the present system is self-correcting.

Nonetheless, advocates of restrictions on service see no reason to lessen their efforts, and they say that their campaign is actually being strengthened by the surge of voter demand for immediate change.

Paul Jacob, campaign director for U.S. Term Limits, notes that proposals tied to his organization's goal have been certified for the Nov. 3 ballot in 14 states. They are Arizona, Arkansas, California, Florida, Michigan, Missouri, Montana, Nebraska, North Dakota, Ohio, Oregon, South Dakota, Washington, and Wyoming. Polls show that most if not all of the term-limit proposals are likely to be approved by substantial margins.

Jacob says that the pressures producing heavy turnover this year are transient and not a realistic option to term limits. The check-bouncing scandal threatening re-election of many House members and the imminent expiration of the "golden

PHOTO: JOHN DURICKA—WIDE WORLD

Congressional leader *Guy Vander Jagt, defeated in his Michigan district's GOP primary, is one of the many representatives who won't be returning to Washington.*

Paul Clancy is a free-lance writer in Reston, Va.

Keep it simple.

That's why AT&T and American Express announce a single Corporate Card program designed exclusively for small business.

One card to carry for all your company's business needs including AT&T Long Distance card calls. One monthly billing statement from American Express that consolidates all your expenses. A Quarterly Management Report that organizes T&E and calling card charges by employee and category.

One card to carry. One bill to review. It is that simple.

For more information, call 1 800 492-3344.

Corporate Card

AT&T

CORPORATELINK℠

FOR SMALL BUSINESS

Circle No. 53 on Reader Service Card

POLITICS

parachute" provision allowing conversion of campaign funds to personal use are powerful motivations for turnover, he notes, but they will not affect future elections.

Jacob says his organization is nonpartisan, nonprofit, and committed to "achieving citizen control of government at all levels."

James J. Coyne III, chairman of Americans to Limit Congressional Terms (ALCT), says that success of the ballot initiatives this fall will send members of Congress a strong message that the time has come for action on the ultimate goal of ALCT and similar organizations—a constitutional amendment restricting the number of years that an individual can serve in the national legislature.

Even if the Democratic leadership that has blocked action on an amendment continues in power next year, Coyne says, public opinion as shown on the term-limit initiatives could force them to relent.

And such pressure is expected to grow. In addition to the ballot initiatives this November, term-limit campaigns are aiming to put the proposal on the ballots of five more states in 1994—Idaho, Maine, Massachusetts, Oklahoma, and Utah.

Efforts to persuade legislatures in the remaining states to approve term limits are under way.

With all the political ferment this year alone, says Cleta Mitchell of the Term Limits Legal Institute, "We could end up with 40 percent of Congress coming in from states that have just enacted term limits."

Paul Jacob of U.S. Term Limits says the addition of candidates from other states who are pledged to service restrictions could raise the total to nearly half.

Mitchell, whose organization is one of several pursuing the goal of term limits, was a member of the Oklahoma House of Representatives. She rejects one of the principal arguments of opponents of restricted service—that the term-limit campaign is designed to replace veteran Democrats with newcomer Republicans and eventually give the GOP control of the House.

PHOTO: ©CHRIS USHER

Campaign strategist *Paul Jacob says current political conditions are favorable to his organization's goal of limiting lawmakers' terms.*

"I think that most Americans view term limits as an institutional issue—that no member, not even their own, ought to stay indefinitely," she says.

But Thomas Mann, a Brookings Institution congressional analyst, holds that "the public's anger ought to be allowed to play itself out in the election. That's how you get turnover—when the public is unhappy." He says that "a crisis atmosphere" is the worst climate for congressional change and calls the term-limit drive "a desperation move."

That view is challenged, in turn, by Shari Williams, director of the Denver-based National Term Limits Campaign. Voters "should not have to wait 20 years for things to get so messed up" that outrage forces change, she says. "It's better to have something that works naturally."

The term-limits issue is argued by two fundamentally divided camps. On one side are those who maintain that longevity translates into experience that in turn leads to informed decisions.

Countering that argument are those who hold that long service in an institution that rewards seniority allows an accumulation of power that carries the potential for abuse.

Incumbents' advantages include continuing media coverage, tax-supported local offices, and franking privileges to communicate with constituents. They also generally have an edge in raising campaign funds.

The power of that incumbency is self-evident: In elections beginning with 1982, more than 95 percent of House members seeking re-election have won.

Proponents of limiting congressional terms point out that the most powerful members of Congress include the chairmen of the Appropriations Committee's 13 subcommittees, which are responsible for designated areas of government. Those chairmen hold nearly absolute control over budgets in those areas and can use that power to help themselves and their allies politically by channeling money to their home districts. Those 13 chairmen have a collective tenure of 372 years—an average of 28 each.

The term limits in proposals going before the voters this November range from six to 12 years for members of the House. All would permit 12 years for senators.

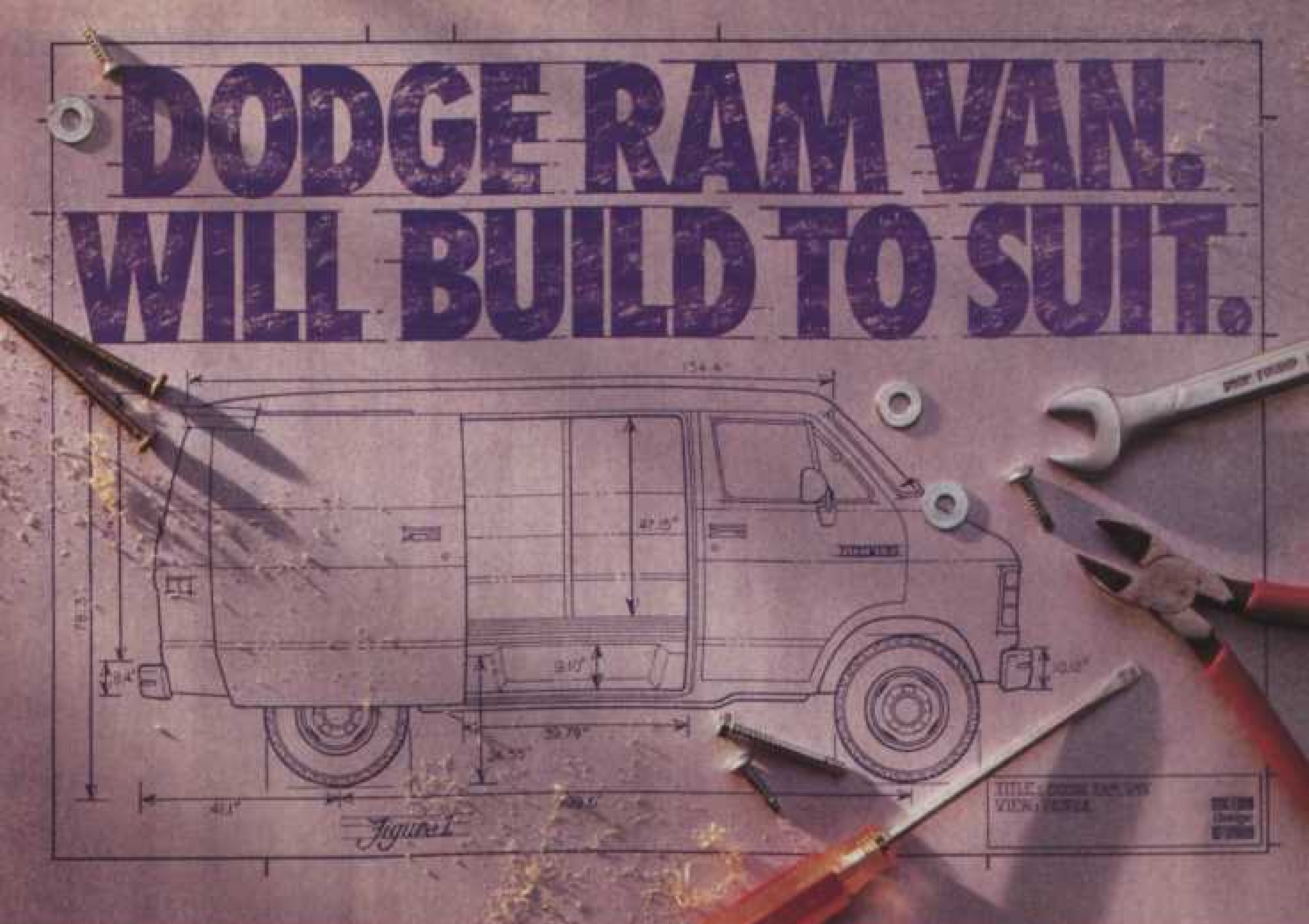
Although the current heated debate over limiting terms has flared only in recent years, the issue was first dealt with in the earliest days of the nation. The Articles of Confederation limited terms of the Continental Congress, but framers of the Constitution assumed that making all House members and one-third of the Senate run every two years would assure turnover. Some worried, however, about an excess of inexperienced newcomers.

Thomas Mann at Brookings says that concern remains pertinent: "It's important for a legislative body to include some individuals with substantial experience." But those on the other side of the issue perceive experience as a risk.

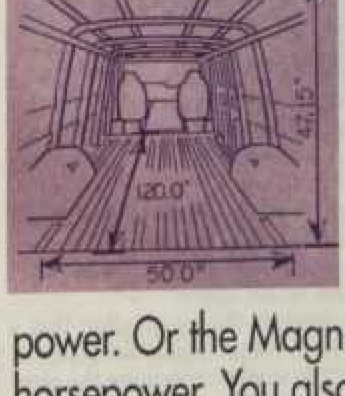
"Experience is exactly what people worry about," says David Mason, a congressional analyst at the Heritage Foundation, which supports term limits. "People come into office with enthusiasm, integrity, and zeal for serving their constituencies, but over time they change and begin to pay more attention to their re-elections."

Rep. Dennis Eckart, D-Ohio, who is voluntarily retiring from the House after 12 terms but who opposes term limits, couches his argument in baseball terms: "I think there is great value to having the tobacco-chewing, grizzled veteran who wins more games with his guile than the rookie who just throws the ball past you. You need both."

Not all Democrats agree. Charles Kovaleski, an Orlando, Fla., businessman and the Democratic candidate for the U.S. House from Florida's 5th District, favors the term-limit proposal on which the state's voters will act Nov. 3. "If you can't make an impact in eight years, then you



We build Dodge Ram Vans to suit businesses big and small. With a variety of wheelbases and cargo capacities, at a price that'll keep your business out of the red and in the black. And in every one of these hard-working trucks, you'll find certain built-in advantages. Like our Magnum V-6 with 180 horsepower. Or the Magnum V-8 with 235 horsepower. You also get the Owner's Choice Protection Plan – a warranty choice no other manufacturer offers.†



Plus, now we're building in one more advantage. In *addition* to the $1,000 cash back incentive already offered on Dodge Ram Vans, you can get up to $1,500 worth of shelving, racks, storage bins and floor mats at no extra charge. Or choose an additional $1,000 cash back. But hurry, our special Ram Van offer ends December 31st.

WORK-READY
UP TO $1,500 VALUE
CONVERSIONS

FOR MORE DETAILS AND YOUR INSTALLATION PERMIT, CALL 1-800-2-RAM VAN.

ALSO SEE YOUR DEALER FOR A SPECIAL COMMERCIAL BUYER INCENTIVE ON SELECT DODGE PICKUPS.

†See limited warranties, restrictions & details at dealer. Excludes conversion alterations, normal maintenance, adjustments & wear items.

Dodge

need to re-examine your own effectiveness, or the system needs to change," he says.

Kovaleski is challenging the Republican incumbent, Bill McCollum, who favors a limit of 12 years on House service, the length of time he himself has served. McCollum says that he does not plan to leave the House voluntarily. In the absence of term limits, he says, "it doesn't make sense for those of us who believe in them to walk away." McCollum says that he might as well use his seniority to benefit his central Florida district.

A main theme of the term-limit movement, however, is that seniority is not necessarily a plus. Tim Purdy, who heads the term-limit campaign in Michigan, is among those who view it as a negative: "The people in power have bankrupted the future for our children. They are corrupted over a period of time by power."

The campaign in that state is drawing particular attention because its incumbent representatives include Democratic Rep. John D. Dingell, one of the most powerful members of Congress by virtue of his chairmanship of the House Energy and Commerce Committee.

Opponents of term limits in states with representatives in such key positions argue that tenure restrictions would deny

The expectation that a big turnover in congressional seats in this year's election would undermine the campaign for term limits is not materializing.

their states the benefits that veteran lawmakers can command.

That strategy prevailed in the only defeat thus far of a proposal to restrict congressional terms.

A term-limit proposal apparently on the way to approval in the state of Washington last year suffered a surprise defeat after a countercampaign organized by House Speaker Thomas Foley. Its basic theme was the potential loss of influence for the state if its senior representatives—including Foley—were replaced by newcomers in 1995, as specified by the initiative.

Term-limit advocates recognized after losing that fight that the powerful-incumbent argument could be blunted if service was counted only from the time the limits took effect. They note that a provision under which Foley could have served additional terms would have helped offset the argument that limits would cost the state the influence and prestige of having a representative serving as House speaker.

On that basis, term-limit advocates in that state are making a second attempt this year, with a nonretroactive approach. A six-year limit on service in the House and 12 years in the Senate would begin next year.

Foley also presses the view held by many opponents of term limits that state-imposed restrictions of service by members of Congress are unconstitutional. They note that the U.S. Constitution sets three requirements—U.S. citizenship for at least seven years, a minimum age of 25, and residence in the state to be represented.

Those making that argument cite the 1969 attempt by the House of Representatives to deny a member his seat on grounds of misconduct. The U.S. Supreme Court held that an elected member meeting the Constitution's three qualifications could not be denied a seat.

Other legal scholars point out that states set conditions beyond those of the Constitution when, for example, they ban convicted felons from holding offices that include membership in Congress. They also note that the present Supreme Court is much more attuned to states' rights than its 1969 membership was.

State-imposed term limits will assuredly be challenged in the federal courts, but such a test will most likely have to be initiated by an incumbent barred from seeking a term beyond that specified in that state's law.

That could mean that no challenge would be initiated until 1998, when a lawmaker elected in 1992 would be ineligible under a six-year limit. None of the various state proposals contemplates restricting service to fewer than six years.

At the moment, Colorado is the only state with a limit on congressional service—12 years for both representatives and senators starting with the 1990 election. It would thus be 2002 before an incumbent is denied re-election under Colorado's measure.

But term-limit advocates are hoping that the matter will be resolved sooner through a constitutional amendment with equal impact on all states.

For the present, the expectation that a big turnover in congressional seats in this year's election would undermine the campaign for term limits is not materializing.

And an opponent of such limits offers the most likely explanation for the growing strength of the movement. Support for term limits will remain strong, he says, "until federal and state governments regain the confidence of the electorate." NB

TWO ROOMS. TWO BUSINESS DEALS. TWICE THE PRODUCTIVITY.

EMBASSY SUITES.® TWICE THE HOTEL.℠

For people who travel a lot on business, there is no better partner than Embassy Suites hotels.

TWICE THE ROOM. A large private bedroom and a separate spacious living room, with a well-lit work area perfect for small meetings. Plus two telephones, two TVs, a wet bar with refrigerator and coffee maker. And computer modem hookups in most suites.

TWICE THE VALUE. Enjoy free, cooked-to-order breakfasts and a two-hour complimentary manager's reception† nightly.

So, next time you need a hotel room, Think Twice.℠ Then call your travel agent or Twice The Hotel.® **1-800-EMBASSY.**

EMBASSY SUITES®

In Mexico, call 95-800-362-2779.
In Hawaii, call 1-800-GO-2-MAUI.

NOW OVER 100 LOCATIONS NATIONWIDE INCLUDING:

COLORADO
Denver - Southeast (Hampden Ave.)
(303) 696-6644

TEXAS
Austin - Airport/North
(512) 454-8004

TEXAS
Austin - Downtown/Town Lake
(512) 469-9000

Dallas - Love Field
(214) 357-4500

TEXAS
El Paso
(915) 779-6222

San Antonio - N.W. I-10
(512) 340-5421

UTAH
Salt Lake City
(801) 359-7800

WASHINGTON
Seattle - Bellevue
(206) 644-2500

† Subject to state and local laws.

REGULATION

Federal Lab Law May Raise Medical Costs

The federal law to ensure quality lab work could make medical tests more costly and less available.

By David Warner

The accuracy of medical tests can be literally a matter of life or death for some patients. So to ensure the quality and proficiency of laboratories and the employees who conduct such tests, Congress passed the Clinical Laboratories Improvement Amendments of 1988.

But the law may do little to ensure the quality of lab work, say the statute's critics, and it may even reduce access to medical tests and raise their costs.

The law applies to all medical laboratories—whether in hospitals, independent clinics, or physicians' offices—and its final regulations took effect Sept. 1. It requires, among other things, that a lab obtain an operating certificate every two years, undergo periodic inspections and semiannual proficiency testing, and meet standards—including education and training requirements for workers—set by the U.S. Department of Health and Human Services (HHS).

There are fees for the certificates, inspections, and proficiency testing, and there are criminal sanctions and fines for violations of the law.

A study by the American Medical Association, the American Hospital Association, the Health Industry Distributors Association, and the Health Industry Manufacturers Association estimates that first-year compliance costs of the regulations will total $409 million for all U.S. labs. Costs thereafter will be about $311 million a year. There is little question that some of those costs will be passed on to patients, according to the medical community.

Certainly there were problems in some testing laboratories, says Perry Lambert, an owner of the Medical Arts Laboratory in Oklahoma City and past president of the Oklahoma State Medical Association. But Congress went too far in trying to correct the situation, he says. Lawmakers should have crafted the lab legislation to focus more on problem labs and on "outcomes"—accurate or inaccurate testing—rather than on laboratory procedures.

For instance, new standards for cytology, which relates to the study of cells, include a provision that limits the number of specimen slides that a cytotechnologist may examine in a 24-hour period.

Each lab must document *each day* that no worker exceeded the limit, and lab owners are responsible for ensuring that workers don't exceed the limit by moonlighting at other labs. Records of lab technologists' daily workloads must be kept for two years.

PHOTO: ©DAVID FITZGERALD

The lab law *adds paperwork, says Dr. Perry Lambert, shown with technologist Diane Lawson Kenney.*

"It cost us $55,000 just to change the [computer] software" to track the workloads for each of his lab's 15 cytotechnologists, says Lambert, who requires his employees to attest that they are not examining slides at other labs. He says the new cytology standards have increased the cost to labs—and nearly doubled the price to patients—of a Pap smear, a test used mainly to detect cervical cancer. And his chief technologist "now spends 30 percent of her time shuffling pieces of paper," Lambert says. "All that [the law] has done is mandate a tremendous amount of paperwork."

Until the 1988 law was adopted, most of the laboratories associated with physicians' offices were free of federal regulations, says Douglas Beigel, chief operating officer of the Commission on Office Laboratory Accreditation (COLA), in Silver Spring, Md. The commission is a private organization that educates doctors about the new law and accredits physician labs.

The 6,600 laboratories that are connected with hospitals and conduct about 50 percent of the nearly 9 billion medical tests in the U.S. each year have been subject to federal Medicare/Medicaid regulations since the mid-1960s. So too have been the 4,500 independent clinical labs nationwide, which perform about 25 percent of all medical tests. In addition, independent labs involved in interstate commerce have been subject to the federal Clinical Laboratories Improvement Act of 1967.

Although the new law places further requirements—and burdens—on those facilities, its impact is expected to be felt mostly by the estimated 100,000 physician labs in the U.S., which perform about 25 percent of all medical tests.

Various medical organizations have forecast that one-third to one-half of all physician labs may shut down or severely curtail the types of tests they perform because of the clinical-labs law.

For patients, especially in rural areas, lab closings could add to the costs of tests and delays in receiving results. Dr. J. Stephen Kroger, chief executive officer of COLA, says, "I don't think there's any question that office laboratories are going to close" because of the new law.

Elk City, Okla., physician G.S. Gill says he discontinued his laboratory work last January because "I could see increasing regulation coming down the pike. I'm a sole physician, and it would have been impossible for me to comply with and meet the financial expense of all [the new regulations] and yet break even." Gill now sends patients' blood and urine specimens to a large laboratory in Oklahoma City, and he says it takes at least 12 hours for him to receive results that he used to get within minutes from his in-house lab.

Although the law's regulations are in effect, HHS Secretary Louis W. Sullivan says the rules "will continue to evolve, especially over the next few months, in order to assure that the regulations do not produce unintended harmful results for patients or physicians."

Lambert and other critics of the clinical-lab law say its rules need a lot of "evolving."

Tell Us Your Story

If your company or organization has had experience with troublesome or unduly burdensome regulations, send details to Regulations, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000.

NB

Small-Business Computing

Software for securities trading; what's new and inventive; disks for moving and saving information.

By Ripley Hotch

PRESENTATIONS

Big Enough For Everyone

It happens fairly often in meetings: A group is discussing something on a computer screen, but not everyone can see it at once. Big monitors are very expensive. Willow Peripherals, in the Bronx, N.Y., has a little box that helps solve this problem. **Laptop TV** hooks up to a laptop computer and allows it to transfer its output to any television set (or through a VCR).

Best of all, it eliminates the flicker often associated with transfer technology in its price range (suggested retail is $1,195). There will undoubtedly be a tremendous demand for devices that allow presenters to gain access to large screens for interactive presentations and discussions. For the price and performance, Laptop TV is hard to beat. For more information: (212) 402-9500.

PHOTO: SED LEDERMAN

Laptop TV, *from Willow Peripherals, transfers a computer's output to any TV set.*

INVESTING

When Do You Jump In?

The stock market is confusing enough without adding computer confusion. There are plenty of stock and option programs out there, including a recently updated version of Meca's **Managing Your Money** (Version 9). Managing Your Money will allow you to place trades from your computer and receive real-time stock quotes from a Dow Jones service.

More dedicated programs come from T.B.S.P. Inc., in Newport Beach, Calif. The company calls its software series **The Right Time**, and the programs cover everything from stocks to LEAPS ("Long-term Equity AnticiPation Securities"). Trading is automated through modem or radio, and there are historic-data disks to help your analysis.

These programs are for serious investors. For more information: (714) 721-8635.

INFORMATION

Census Data By Spreadsheet

One source of data for mapping programs is the 1990 Census—you can already get it by modem from the Department of Commerce and through CompuServe and a number of other database vendors. Now comes **Perspective** from U.S. Data on Demand, of McConnellsburg, Pa., which has packaged census results in spreadsheets on disk. It has gone beyond the census to gather more statistics from various state sources. State-by-state figures on population, taxation, income, education, employment, transportation, and many other subjects are laid out in a form that can be read by any popular spreadsheet program.

You can use these numbers to refine your own research decisions about where to locate new plants, direct sales efforts, or relocate. The price is certainly reasonable: $89.95. For more information: 1-800-352-7352.

PATENTS

Discovering Who's Inventive

MicroPatent, a New Haven, Conn., publisher of patent information on read-only compact discs (CD-ROM), has come out with **Who Invented What? 1991—The Year In Patents**, for $199. What makes the product nice is the search routines that can whip through more than 200,000 pages of full-text abstracts of patents issued in 1990 and 1991.

MicroPatent also issues a regular monthly subscription on CD-ROM of the full texts of American and European patents.

You will, of course, need the CD player on your computer to read it, but this technology is becoming affordable enough that you will see a lot more of it in the next year or so.

In fact, many companies already send their catalogs out regularly on CD-ROM, and this technology will probably become standard practice in offices in the next five years.

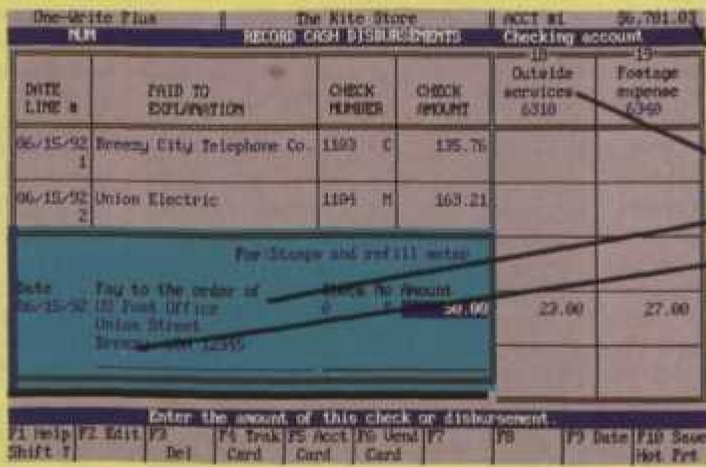
For more information on MicroPatent: 1-800-648-6787.

NEW!

VERSION 3.0

one-write plus®

Try America's #1 Accounting System on your PC—FREE!*



	General Ledger (GAAP)**	Audit Trail to Prevent Fraud	Tracks Your Inventory	Auto A/P Discount
One-Write Plus 3.0	Yes	Yes	Yes	Yes
QuickBooks™ 1.0	No	No	No	No

Whether you're already using a manual one-write system or not, you'll start up quicker, control your business better, do your bookkeeping faster and more accurately with new One-Write Plus Version 3.0 than with any other accounting software. You don't have to settle for a glorified personal checkbook program to account for your business.

Now you can try new One-Write Plus FREE and see for yourself.

The Fifteen-Minute Setup

Select your accounting periods and the Chart of Accounts for your business (14 built-in). Or transfer your manual one-write accounts by keying them in. Add or modify accounts any time, even while you're entering checks and receipts.

Familiar Check Writing

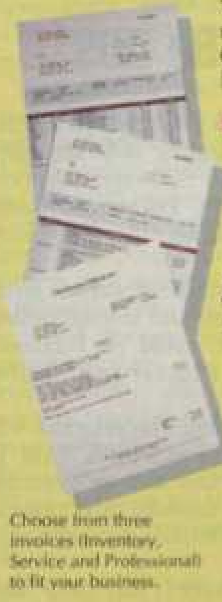
Select "Checks and Disbursements" from the Menu, and you'll feel right at home. You'll fill out the very same, simple one-write check you're used to, right on your PC's screen. Allocate portions of check amounts to your One-Write Plus accounts — up to 20 different accounts per check or receipt.

From here on, your PC does all the work, organizing and interpreting your financial data for you.

Your Bills Pay Themselves

Pull up the "Accounts Payable" screen. Select one bill at a time to pay, and see your checking account balance change on screen.

Press "Enter," and neatly print out all your checks with names and addresses from your Vendor file, on most dot matrix or laser printers. Or do checks by hand, if you prefer.



Choose from three invoices (Inventory, Service and Professional) to fit your business.

Instant Reporting

In minutes you get Income Statement, Receivables Aging, Budget versus Actual, Balance Sheet, Trial Balance, whatever you need. And if things don't look just right, you can make adjusting journal entries in seconds.

Control Your Business's Destiny

New One-Write Plus Version 3.0 gives you new control over your business. Set budgets for any period up to two years, and compare any combination of actual versus budget. In amounts or percents...your choice.

You get password protection for security. Vendor and customer lists so you don't have to re-write things. And you can see which invoices are overdue, every single day.

FREE Gifts When You Buy

Try new One-Write Plus Version 3.0 Accounting for just the price of shipping, $10.00 (non-refundable) billed to your credit card.

You'll be elated with its quick start-up, convenience, detail, and speed. If we haven't heard from you in 30 days, we'll bill your credit card the balance of our special price of $79 (reg. retail $129). Plus, we'll send you two FREE gifts: Home Lawyer® (reg. $69), and Org Plus® Advanced (reg. $99, total gift value: $168).

If not completely satisfied, return the manual's cover page within 30 days, and erase and re-use the disks. We won't charge your credit card.

You owe it to yourself and your business to try real accounting software that's as easy to use as a checkbook.

For Fastest Service Fax your order to
1-800-944-6322

or Call:
1-800-388-8000

MECA Software, Inc.
55 Walls Drive, P.O. Box 912, Fairfield, CT 06430-0912

System Requirements: IBM PC or compatible, MS-DOS or PC DOS version 3.1 or higher is required (3.3 or higher recommended). 640K RAM and Hard Disk. IBM compatible printer required.

*Except for shipping. Expires 12/31/92
**Follows Generally Accepted Accounting Principles (GAAP).

☐ **Yes!** Please send me a FREE *Trial* copy of new One-Write Plus Version 3.0. Bill my credit card $10.00 now (not refundable) for shipping. If I'm not happy, I'll return the manual cover page within 30 days, and erase the disks. Otherwise, in 30 days, bill my credit card the balance of $79 and send my FREE software gifts worth $168. (Sorry, checks not accepted for free trial.)

Media Size (if no box checked, we'll ship 5 1/4"): ☐ 5 1/4" disks Item # ACR53T ☐ 3 1/2" disks Item # ACR33T

☐ **Early Decision Option.** I'm already convinced about new One-Write Plus Version 3.0, and I'd like my FREE gifts right away. Charge my credit card $79 now (or check enclosed), and send everything today. MECA pays the shipping. And, if I'm unsatisfied, I'll return everything within 45 days for a full refund.

Media Size (if no box checked, we'll ship 5 1/4"): ☐ 5 1/4" disks Item # ACR53 ☐ 3 1/2" disks Item # ACR33

Payment Method:
☐ Check or money order enclosed payable to MECA Software, Inc. (Early Decision Option Only - save shipping cost)
☐ Please charge my: ☐ VISA ☐ MasterCard ☐ American Express (CA, CT, FL, NY, TX residents add applicable sales tax.)

Account #: ______________ Expiration Date: ______________
Signature ______________ Daytime Phone: ______________
(If we have questions about your order)

Name: ______________
Company ______________
Address ______________
City ______________ State ______ Zip ______________

Mail to: GA190
MECA Software, Inc.
55 Walls Drive, P.O. Box 912
Fairfield, CT 06430-0912

DATABASES

Vehicle-Minder Saves Hours And Cash

Although generalized databases such as dBaseIII and Q&A can be customized to your needs, efficient database design is an art. There are many customized database applications fitted for small businesses' requirements, and they are worth their cost because of the time they save for programmers and managers.

For example, to stay on top of the voluminous documentation required of operators of school buses, Leon Fontoura had to set aside extra hours at night and on weekends to fill out forms on paper. With **Streetwise Equipment Manager** (SEM)—a database package for vehicles—Fontoura, who is fleet manager for Supertrans, Inc., can devote more time to his primary function—vehicle maintenance—and still have some leisure hours.

Supertrans, in Yonkers, N.Y., operates 40 vans and 15 buses for transporting children to public and private schools in the area. By law, the vehicles must be inspected twice a year. Fontoura and his mechanic perform preventive maintenance on the vehicles over a 60-day cycle—and detailed records of this ongoing effort must be presented to the state's vehicle inspectors. If a vehicle fails to pass inspection, it has to be brought back after further repairs.

Fontoura chose SEM over two competing packages back in January 1991. After evaluating the demo disks, Fontoura found that SEM was the only one that permitted him to format his own reports. The $1,995 package from Streetwise Computing, of Somerville, Mass., is on an old IBM AT PC discarded by the 75-employee firm's accounting department. Fontoura, who also uses the PC for occasional word processing, is steadily expanding his use of the package. "Even though I still use only 10 percent of its capabilities, I'm quite happy," he says. He estimates that he saves at least four hours of effort each week, and he also impresses the inspectors with, as he says, "professional-looking, legible documentation."

He saves so much time partly because the software automatically adds 60 days to the schedule for each vehicle after each previous inspection and automatically pops up the next time an inspection is due.

SEM is one of many database packages that make maintenance of company vehicles much less burdensome. For instance, they warn when required replacement parts and supplies are running out. In addition, they remind cost-conscious executives when warranties are close to expiration so that any required repairs can be performed at minimal cost.

—Mel Mandell

DATA PRESERVATION

Better Storage For PCs And Macs

Hard disks have grown ever larger and less expensive as complex new programs have demanded more and more storage. Not long ago, a 40-megabyte hard drive was considered huge; now most users think it is a minimum for office automation.

The average hard drive contains double that storage, and the capacity will certainly increase.

All that wonderful storage brings problems with it: How do you back up, organize, and transport the information?

Backup, even more necessary as more critical information gets stored on these drives, gets severely neglected in most offices.

Unless they have a network whose administrator backs up all files to tape automatically, few users are likely to haul out 30 or more floppy disks and spend the hour or so it would take to do a complete backup every week. Individual tape drives are good, but recovery can be tedious.

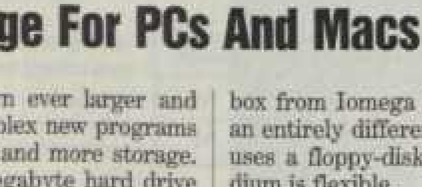
And then comes the inevitable time when the hard drive crashes—because hard drives do wear out.

There are removable hard drives, which have some of the problems of a drive fixed in the PC. That solves the problem of transportability, but not of backup (unless you own several of them).

One admired solution is the Bernoulli box from Iomega Corp., which works on an entirely different principle. It actually uses a floppy-disk cartridge, so the medium is flexible.

The disk, as it spins, is held a precise distance from the floating head by the natural action of the air—hence the name, from Daniel Bernoulli, the famous 18th-century physicist who described the properties of gases.

The disk is removable and sturdy—Iomega's vice president of marketing, Mike Joseph, likes to demonstrate that by grabbing a cartridge and tossing it several feet onto the floor.



Iomega's *Transportable 90 Pro.*

In the past, Bernoulli drives have been expensive, complex to install, and limited to about 40 MB of storage. Now Iomega has brought out a new series of Bernoulli drives called the **PC Powered 90.**

The systems have 90 MB of storage, draw their power directly from the PC, and list at $713. Disks are $120 each.

The other series of Bernoulli boxes, the **Transportable 90 Pro** drives, start at $998 for the Macintosh and $1,148 for the PC.

The packages include Stacker software that doubles the capacity of the disks, and backup software from Central Point.

In essence, the Bernoulli can solve all three problems—backing up, organizing, and transporting data. Joseph says accounting firms use them to organize their client base: Each client's records are kept on a separate disk, so a long history can be created, and not mixed in with other clients' data.

You can keep separate operating systems on different disks and boot from them—Windows on one, and OS/2 on another, if you wish. And you can use them to make automatic backups that will reflect the exact condition of your machine's hard drive.

If you have sensitive materials, you can do them entirely on the Bernoulli drive, and lock up the disk when you're not using it.

For more information, call Iomega at 1-800-777-6179.

ACCOUNTING

This Can't Be DOS

Teknon Corp., which produced the Macintosh **atOnce!** accounting software marketed by Peachtree Software, has produced a DOS version, **Teknon Accounting**, which looks and acts like the Macintosh version.

For those users who don't want to go all the way to Windows, with the upgrading and overhead that would be required, Teknon Accounting might be an attractive program.

Priced at $249 retail, the program will run on a 286 machine with 640K RAM. It requires a mouse and a color-graphics monitor. The four modules are general ledger, accounts receivable, accounts payable, and payroll.

For more information, call (602) 596-1500.

INTERNATIONAL TRADE

Growing Markets In Korea

Korea's ambitious development plans and its consumers' affluence can spell opportunities for U.S. exporters.

New refrigerators stand ready for shipment in the Whirlpool Corp. plant in Fort Smith, Ark. These appliances can't operate on the electricity found in U.S. homes, and few Americans can read the products' instruction manuals.

However, these American-made yet very un-American refrigerators will work just fine, and their documentation will be widely understood at their destination: South Korea.

Whirlpool produces several thousand "heavily customized" appliances annually for the Korean market, says Roger Merriam, vice president of sales and marketing of Whirlpool Overseas Corp., based in Benton Harbor, Mich. The company's products are distributed in Korea by a large, locally well-known distributor, which, Merriam notes, is "very important" to their acceptance by local retailers.

Although this production and distribution process adds complexity to Whirlpool's operations, says Merriam, "it's all part of the commitment to being a global company."

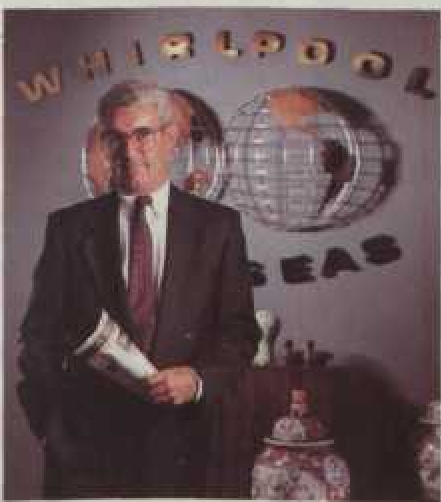
Whirlpool is but one of many American firms enhancing its image as a world-class business while improving the bottom line of its balance sheet by exporting its products to Korea.

The Korean government's ambitious development plan for 1992-96 and the figures on household spending by Korea's increasingly affluent consumers spell sales opportunities in a wide range of product and service industries.

Yet the Korean market is far from wide open. Consequently, any American company considering exporting to Korea should conduct careful research into tariff and nontariff barriers, labeling, and other local requirements that could diminish the firm's sales potential or even preclude its entering the market.

Korea has been one of the world's great economic success stories of the past quarter-century. The nation has risen from economic obscurity to become an industrial powerhouse: Last year, Korea's gross national product was equal to over $250 billion, and it ranked as the United States' sixth-largest trading partner, with bilateral commerce totaling about $32.5 billion.

Much of Korea's economic advancement is attributable to the export prowess



Roger Merriam: *Exporting is "part of the commitment to being a global company."*

of a handful of enormous, family-centered business groups, called *chaebols*. These groups formerly specialized in production of relatively low-tech, labor-intensive consumer and industrial products. Now they are branching out into production of space-age products such as semiconductors and flat-panel computer displays.

Yet Korea's overall competitiveness with less-developed Asian nations such as Indonesia, Malaysia, and Thailand has been diminished by industrial wage increases averaging 21.1 percent, 18.8 percent, and 16 percent in each of the past three years, as well as by strikes and general labor unrest, a strengthening currency, and high interest rates. The *chaebols* are feeling unprecedented competitive pressures; consequently, so is the overall Korean economy.

In response, the Korean government has adopted a five-year development plan not unlike the program under way in nearby Taiwan. The goal of Korean officials is to create a business atmosphere and infrastructure with which the *chaebols* and emerging small and midsize businesses can complete the process of remaking themselves. They hope to emerge as technology-intensive and capital-intensive producers able to take on American, European, and Japanese firms of comparable size.

To that end, the government is under-

Meet You At The Fair

Displaying your wares at a trade show is an excellent way to meet potential Korean customers, agents, and distributors. Following is a sampling of upcoming trade events in a variety of industries. For more information, call the U.S. Department of Commerce's Korea/Taiwan desk at (202) 482-4957.

Date	Event
Nov. 16	Seoul International Exhibition of Machinery, Science, and Technology for Agriculture, Fisheries, and Livestock
Nov. 18	Semiconductor Equipment and Material International
Nov. 18	Seoul International Bakery Fair
Nov. 18	Seoul International Textile Fair
Nov. 26	Seoul International Building Industry Show
Nov. 28	Energy Conservation Exhibition
Nov. 30	National Inventions Exhibition
Dec. 4	International Franchising and Business Opportunity Exhibition and Conference
Dec. 5	International Education and Training Equipment Fair
Dec. 8	Seoul International Instrumentation Exhibition
Dec. 12	Korea International Stone and Machinery Exhibition

writing improvements in the national network of roads and other transportation systems, construction of a nationwide digital telecommunications network, cleanup of the environment, and development of additional power-production facilities.

The government also has begun implementing a 10-year land-use plan that envisions the dispersal of at least half of the industrial plants clustered around Seoul and creation of high-technology complexes in nine provincial cities.

Even though foreign participation in these programs undoubtedly will be controlled, the sheer magnitude of the spending involved is likely to create opportunities for overseas firms.

Korea presents opportunities for sales of capital and consumer goods as well as raw materials.

Korea already presents significant opportunities for sales of capital and consumer goods as well as raw materials. Reflecting the nation's economic growth and the increasing affluence of its workers—household income now averages $12,400 a year—U.S. exports to Korea have grown by 24.7 percent, 6.5 percent, and 11.5 percent in each of the past three years and now total just under $20 billion. (See the chart below.)

Nonetheless, business opportunities continue to be lost to American and other foreign firms as a result of remaining Korean barriers to investment and trade in some sectors.

The Korean government has reduced many overt barriers, according to U.S. officials and trade experts. For example, the proportion of imports subject to quotas has been cut to less than 5 percent; average tariffs on nonagricultural goods are scheduled to reach less than 7.9 percent by 1994.

However, "as direct barriers have been dropped, indirect barriers have surfaced," says Donald P. Gregg, U.S. ambassador to Korea, who is based in Seoul. "Financing limitations, lack of transparency and consistency in import clearance, regulations, standards-setting, and health and safety requirements, to name a few, make it more difficult than it should be to do business here," Gregg says.

Mark Van Fleet, director of Asia-Pacific Affairs for the U.S. Chamber of Commerce, concurs: "There has been some progress, especially on the trade side with reductions in average tariff rates and import quotas. In general, however, reform has lagged well behind South Korea's stated intention of completely opening the economy to foreign competition.

"It's no secret that Korean industry needs to upgrade productivity and move into higher-value-added, more-sophisticated industry. This will demand that it develop or acquire more efficient technology and manufacturing processes. To do so, however, a whole host of policies and attitudes need to be adjusted."

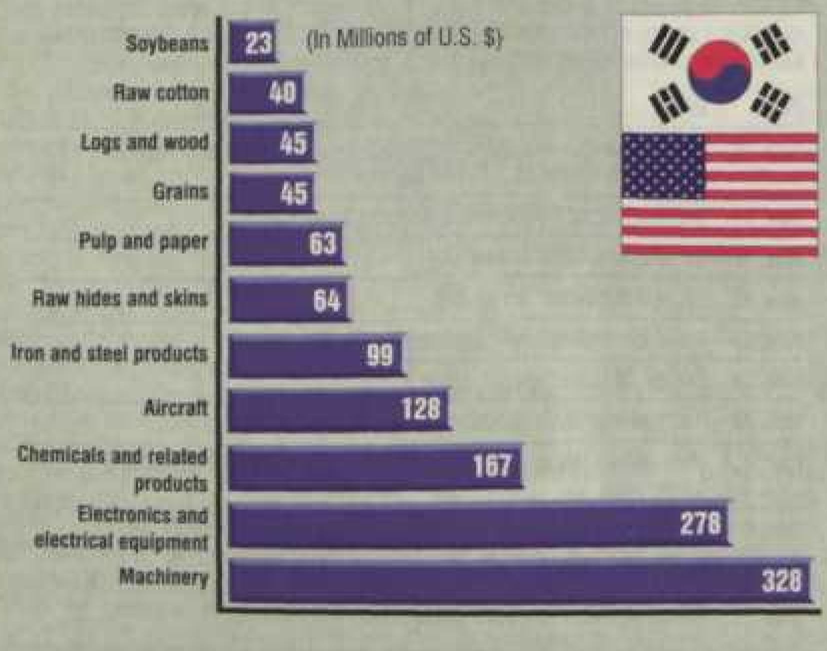
The Presidents' Economic Initiative (PEI), launched last January by President Bush and Korea's President Roh Tae Woo, is aimed at knocking down remaining trade and investment barriers on both sides of the Pacific.

Like the Structural Impediments Initiative undertaken last year by the U.S. and Japan, the PEI will address broad economic-policy and trade issues rather than specific complaints. Van Fleet of the U.S. Chamber is guardedly optimistic about the outcome:

"Whether the PEI will ultimately lead to greater liberalization of the Korean market for American products and services will depend on whether the Korean government aggressively pursues other avenues of reform as well. A more proactive and sustained effort is needed at the highest levels of the Korean government in order for its new policy direction to pervade all levels of the bureaucracy." NB

Leading Sales Opportunities In Korea

These 11 categories of products accounted for about two-thirds of the United States' $18.89 billion in exports to Korea in 1991.



For More Information

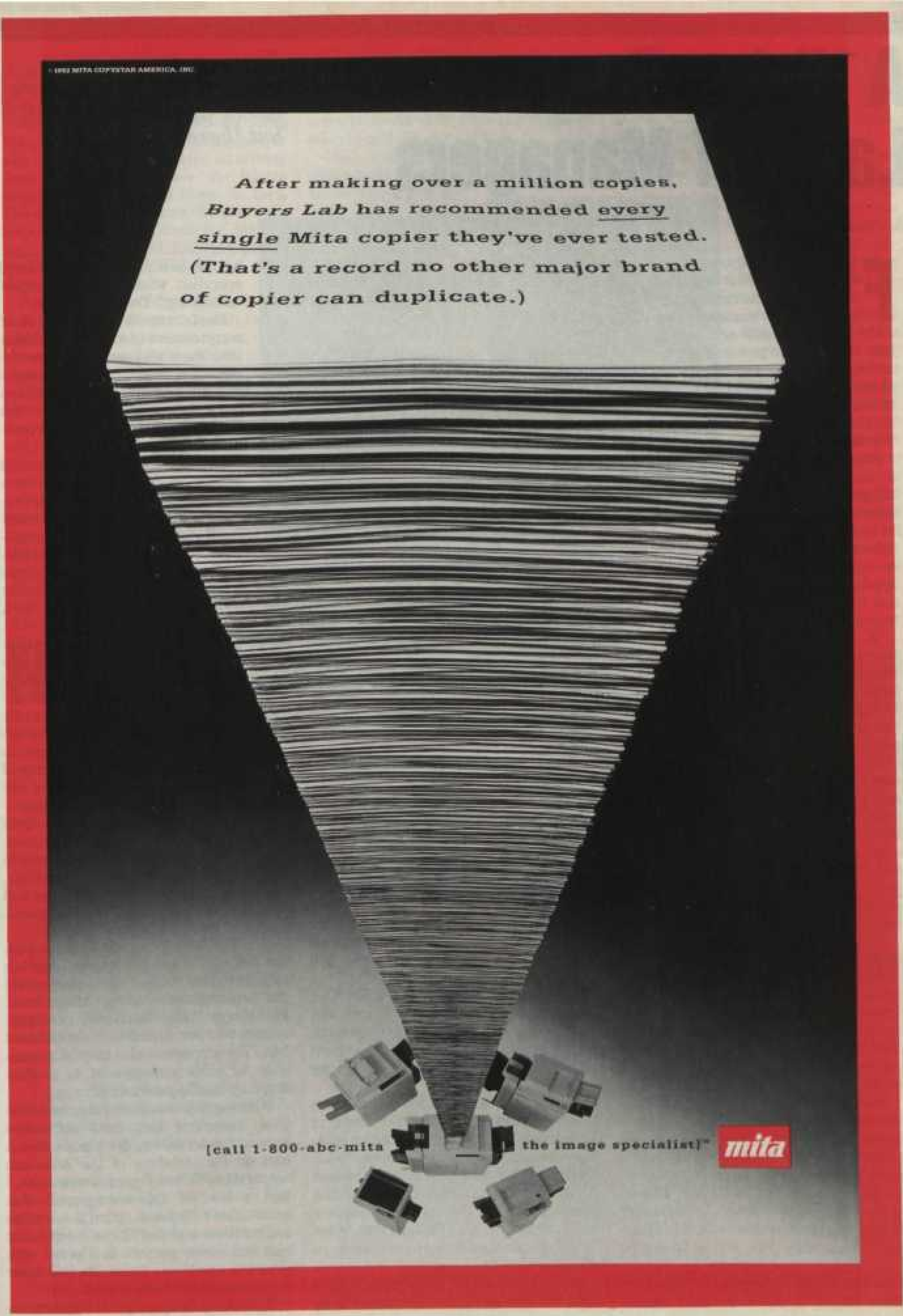
If you decide to have a go at the Korean market, you will not have to go it alone. You can find trade information and assistance readily available from several excellent sources.

The nonprofit Korea Trade Promotion Corporation (KOTRA), now 30 years old, provides a wide range of trade-related services at little or no cost. One is a daily magazine, *Overseas Market News*, in which Korean and foreign companies can advertise their products, services, and specific business opportunities.

KOTRA, which maintains trade centers in Chicago, Dallas, Los Angeles, Miami, New York, and Washington, D.C., also arranges meetings for Korean and foreign business people, organizes trade missions, provides trade and investment counseling, among other services. For more information, call 1-800-568-7248.

The Korea/Taiwan desk of the U.S. Department of Commerce is another good source of both general and specific trade and investment data and leads. Call (202) 482-4957.

Other worthwhile sources include the Korean embassy in Washington, D.C., (202) 939-5600, and the U.S. Trade Center in the American embassy in Seoul, (82) (2) 397-4216.



Circle No. 49 on Reader Service Card

MANAGING

A Hiring Bonanza: Laid-Off Managers

Your small firm can acquire former corporate talent at bargain prices, but there can be risks.

By Janine S. Pouliot

For many small companies, today's white-collar recession is a boon. An enormous number of middle managers laid off by large companies are seeking jobs outside their previous corporate niches—and presenting entrepreneurs with a pool of experienced talent. Savvy small firms are jumping at the chance to acquire expensive expertise at bargain prices.

But entrepreneurs should keep in mind that the advantages of bringing a former corporate executive into a small business can also be accompanied by risks.

On the plus side, an experienced executive can help a small business develop the structure and organization frequently lacking in new enterprises.

"A younger, more entrepreneurial enterprise hasn't yet developed the rich traditions of a large corporation," says Greg Dougherty, vice president of human resources at SCO, a computer software company in Santa Cruz, Calif. "Owners will need a road map of how to create systems and procedures to get the work done. Former corporate employees bring their experience and knowledge. They can be real assets because they have the large-company perspective of how things should be organized. They don't treat each problem as a new experience."

In addition, former middle-level managers often possess a sophistication and technical know-how based on years of formal training underwritten by their former employers. And their new small-business employers might well benefit from the contacts that the executives have developed within the industry or with banks.

Some corporate managers who had viewed a move to small business as a career setback come to view the change as a blessing. "Down-sized middle managers know that corporations don't represent job security anymore," says Jane Howze, an attorney and partner in The Alexander Group, an executive search firm in Houston. "When they join, say, a 50-person firm, they have more impact and control over their destinies, which translates into job certainty." And it translates into happier, more-dedicated workers.

But not every manager who shifts from big to small business adapts quickly and comfortably to the new environment. Some lapse into small-business culture shock, posing a problem for their new employers.

When Joe Deal went to add a salesman to his six-person staff at ExecuTrain, in Princeton, N.J., he hired a former manager from a large national bank. What Deal needed for his software-instruction franchise was an independent thinker, someone who could make a decision without checking with the boss first. What he got was an employee who needed more direction than Deal expected.

"It's taken some adjustment," Deal says. "Corporate types are trained to go by the book. Ours is an informal operation where policies are just developing." There is no book.

Deal's experience is typical of many owners of small and midsize businesses who are hiring from the corporate world. "You're taking a risk when you pull someone from a large company," he notes. "You don't know if they can be entrepreneurial."

The ability to be flexible, respond quickly to crises, and come to a conclusion sets apart the self-reliant person—so critical to many small operations. "In larger companies, things are done by committee," says Howze. "No one person has tremendous authority to make huge decisions. In a small firm, you're expected to jump right in."

What's more, lower- and middle-level executives often are accustomed to a particularly comfortable work environment. "Corporate employees may take certain events for granted," adds Howze. "They expect their travel arrangements to be made for them or some form of ongoing training." Such perks are generally luxuries in small firms.

The most formidable problem that middle managers face in converting from big to small relates to specialization, says Daniel J. White, a human-resources consultant and owner of PLRS/Career Connections, in Traverse City, Mich.

In many larger companies, employees are assigned to specific functions and are rarely exposed to other disciplines within the organization. On the other hand, White says: "Small businesses need generalists who can wear five or six different hats. The accountant also may be responsible for office management, or production may handle purchasing."

White agrees that some former middle-level executives may have difficulties making the transition. He blames this in part on the structure of the American corporation: "When I go into companies, I find a level of mid-management that wasn't there 20 years ago. I'll see titles and positions and don't have the slightest idea what their purpose is. I'm not sure even the employees know. It's this layer we see being eliminated now."

Says Greg Dougherty: "It's questiona-

Free-lance writer Janine S. Pouliot, of Green Bay, Wis., covers business issues.

ble whether some managers can contribute without the infrastructure to support their efforts."

When he opened his software firm, Dougherty found himself hiring people who could "initiate and make something from nothing." These are the talents required at the start-up phase, he says. The skills that may ensure success in the corporate world—the knack for delegating responsibility and following procedures—generally fall flat in the small shop, he adds.

Political maneuvering is another talent that is less important in a shirt-sleeve operation. "In a large company, you don't necessarily succeed on merit but rather because you've done the right thing politically," says Frank Cuomo, owner of Frank Cuomo & Associates, a recruiting firm in Scarsdale, N.Y. "You have to be politically astute. If you're too good and fight everybody [in] trying to do what's right, you're dead."

Cuomo emphasizes that corporate managers often succeed not on merit but because they "kept their mouths shut and melded into the environment." He adds that "in a small company, you have to be productive every day, or the business is in trouble."

Not everyone is cut out for small business. Whether it's a result of temperament or training, a certain segment of the work force finds the entrepreneurial environment threatening. "Some people are just not attracted by broader involvement and ambiguity," notes Dougherty. "They find the experience unpleasant." Having accepted employment with a small business, they become immobilized with uncertainty and can't contribute.

But for every former big-business middle manager who has trouble switching to a small company, there's another one who is eager to make the change.

"Some jewels do come your way," says Max Messmer, CEO of Robert Half International, a Menlo Park, Calif., firm that specializes in placing financial, accounting, and information-systems professionals worldwide. The way to find such people, he emphasizes, is through a comprehensive pre-employment interview.

"I recommend working at planning an interview," Messmer says. "It's worth the effort to learn how to find good candidates. Many people do blossom in a small business."

Messmer suggests that before you start screening prospective employees, you should ask yourself how much patience you have, how willing you are to retrain a new hire, and how good a judge of character you are.

Getting at the critical information about a potential employee requires effort. "Whatever you do," Messmer says, "check references carefully. Find out how the candidate reacted to surprise situations. What did he do when the computer room caught fire, for example.

"Also, make sure you offer the candidate enough information so that he or she knows what they're getting into," Messmer adds. "See if they appear enthusiastic."

Next, present the applicant with a variety of hypothetical situations to get a feeling for how flexible and motivated he or she is.

Do the applicant's answers indicate an openness to change and a willingness to take risks? Ask probing questions about the activities described on a resume as "participated in" or "responsible for." Ask the applicant what has been his or her greatest professional accomplishment.

Once you've done the hiring, place the individual on probation for a period, assigning specific tasks for which he or she will be held accountable. "In a large company, there are so many layers [that] everyone blames everyone else," Messmer says. "You need a person who is not afraid to take responsibility."

Warning signs during the trial period include issuing a flurry of memos and calling numerous meetings. This kind of "paralysis by analysis" is a typical corporate scenario and has no place in a nuts-and-bolts business.

As with any hiring decision, taking on a former corporate middle manager comes with some risks. But for many small companies, such risks are worth taking. Corporate down-sizing has given entrepreneurial firms an opportunity to hire talented, experienced employees who need small companies as much as small companies need them. NB

Former corporate employees . . . can be real assets because they have the large-company perspective of how things should be organized.

—Greg Dougherty

To order reprints of this article, see Page 83.

MANAGING

Settling Disputes Through Mediation

Here's a voluntary, risk-free way to resolve business disputes without going to court.

By Kenneth A. Ehrman

Lawsuits cost America's businesses an estimated $80 billion a year in direct litigation payments, says the Bush administration's Council on Competitiveness. And much of that burden falls upon small business.

In addition to its cost in dollars, litigation also takes a toll on executives' time and emotional energy, and it often results in ruptured business relationships.

The destructive effect of the lawsuit game has been decried by politicians, business leaders, and legal scholars. But a few years ago, America's biggest corporations began to fight back with alternative dispute resolution, known as ADR.

The term ADR covers a multitude of techniques for resolving legal disputes without going to court, and in many cases without using lawyers.

Now, small business is getting aboard the ADR bandwagon. In most cases, its best ADR weapon is mediation.

Mediation is a voluntary way of settling disputes in which a specially trained neutral person, with no decision-making authority, helps the disputing parties, in private informal meetings, to negotiate a mutually beneficial settlement. The business owners and managers, not the lawyers, control the process.

ILLUSTRATION: DAVID LESH

It's important to emphasize that mediation is voluntary and mutually beneficial.

Another important feature of mediation is that it is risk-free. A party can walk out at any time and go on to arbitration or litigation. Nothing said or produced in mediation can be used in any later proceeding.

Sometimes mediation is called "no-fault conflict resolution" because its goal is not to decide who's right and who's wrong but to find business solutions to business problems.

Arbitration is a more widely known process than mediation, but it is far more rigid. It involves a neutral person acting as a judge, working under highly structured rules, listening to evidence, and then handing down a binding decision. Lawyers are normally involved, and usually there's no appeal process.

In mediation, on the other hand, the parties make their own rules. The mediator, who can't impose any judgment, helps the opposing parties find their overlapping interests and work out alternative ways to satisfy them.

Mediation is faster and generally a fraction of the cost of other ADR methods. Most mediations take one day or less and cost under $2,000, with the parties splitting the fees.

Because nine out of 10 lawsuits are settled before trial, and because 85 percent of the legal costs are incurred before settlement, it makes sense to settle early, before the quarrel takes on a life of its own, with abusive depositions, burdensome demands for production of documents, interrogatories, and endless fee-producing motions.

A simple fictitious case illustrates how the mediation process works.

Tom, who owned four sporting-goods stores, had just given a three-month termination notice to Alex, the manager of his most profitable store.

Alex threatened to sue Tom, claiming he had been hired five years earlier with the understanding that the job was his as long as the store's sales showed annual increases, which they had. Alex charged that Tom was pushing him out to give the job to Tom's son, Jim, who had just graduated from college.

Tom retorted that he had been getting complaints from customers, co-workers, and suppliers about Alex's frequent absences, rude behavior, and on-the-job drinking. Tom pointed out that he had warned Alex repeatedly. Moreover, the store's increasing volume was due mainly to its prime location, not Alex's contributions, Tom said.

Alex was about to get a lawyer when Tom, who had heard about mediation and its advantages from another business owner, contacted a mediator who had been recommended to him. The mediator in turn called Alex and explained the no-risk, confidential nature of mediation. After investigating the mediator's background, Alex agreed to try it.

In a face-to-face opening meeting, both parties vented their feelings and stated their positions. Then the mediator met with each separately in confidential sessions, where nothing said can be revealed to the other side without permission. Tom admitted that he did indeed want to put his son in the store, but he said that Alex's performance was an ongoing problem and that Alex was going to be fired in any event.

In Alex's session, the mediator learned that Alex was having serious domestic problems and had been drinking more and more but was trying to control it. He might welcome a new start if he could get a job without a bad record behind him.

The mediator pointed out to Alex that

Kenneth A. Ehrman, an ADR professional in Monterey, Calif., practiced law for 25 years.

without a written contract, his legal case was weak. And if he sued his employer, he might have a hard time finding another job.

To Tom, the mediator emphasized that although he could probably win a lawsuit, it would cost a lot in time and money, cause bad publicity, and hurt employee morale. And who knows what a jury might do?

The mediator, rephrasing the issues in terms of the parties' interests, asked them to consider whether, assuming Alex could get a grip on his behavior, he could stay on the job for the next six months and help Jim break in. If Alex performed well, Tom would give him generous severance pay and a good job recommendation. They both agreed that this would be a win-win result.

With the mediator as catalyst, the parties had re-evaluated their positions, but they never lost control, as can happen in processes such as arbitration and court trials.

Mediation is not always the best ADR choice. When one party's position is much weaker than the other's, or it is important to secure a legal precedent, or extreme hostility would make discussions useless, some other form of resolution may be appropriate.

But a try at mediation is appropriate in nearly all disputes involving contracts and business relationships. It can take place before, during, or even after other procedures such as arbitration or litigation. Where there is a continuing relationship or the facts are complex, experts say, settlement is usually reached.

Even when mediation does not result in a settlement, it usually focuses the information needed by the parties, clarifies the issues, and often reduces hostilities, all contributing to a later settlement.

As small-business owners learn how mediation can reduce the enormous costs and personal pain of the lawsuit game, it promises to become their dispute-resolution method of choice.

For More Information

Two nationwide organizations can help you get started with ADR. The American Arbitration Association (212-484-4040) is a New York-based nonprofit organization that promotes mediation and other forms of dispute resolution. U.S. Arbitration and Mediation (1-800-933-6348), based in Seattle, is a for-profit organization that also promotes all types of ADR. Both groups have regional offices across the country. NB

STATEMENT OF OWNERSHIP, MANAGEMENT, AND CIRCULATION

Title of Publication: Nation's Business
Date of Filing: September 29, 1992
Frequency of Issue: Monthly
Annual Subscription: $22.00
Complete mailing address of known office of publication:
1615 H Street, N.W., Washington, D.C. 20062-2000.
Complete mailing address of the headquarters or general business offices of the Publisher:
1615 H Street, N.W., Washington, D.C. 20062-2000.
Names and addresses of Publisher, Editor, and Managing Editor:
Publisher: U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000.
Editor: Robert Gray, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000.
Managing Editor: Mary McElveen, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000.
Owner: The owner is the Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a board of directors; the officers are as follows:
Chairman of the Board of Directors: H. William Lurton, Chairman and Chief Executive Officer, Jostens, Inc., 5501 Norman Center Drive, Minneapolis, Minnesota 55437.
President: Dr. Richard L. Lesher, U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000.
Vice Chairman of the Board of Directors: Ivan W. Gorr, Chairman and Chief Executive Officer, Cooper Tire and Rubber Company, Lima and Western Avenues, Findlay, Ohio 45840.
Chairman of the Executive Committee: C.J. Silas, Chairman and Chief Executive Officer, Phillips Petroleum Company, 18 Phillips Building, 4th and Keeler, Bartlesville, Oklahoma 74004.
Treasurer: William C. Marcil, President and Publisher, Forum Publishing Company, 101 North 5th Street, Fargo, North Dakota 58102.
Senior Council: Oliver H. Delchamps, Jr., President, Delchamps Associates, Suite 200, 3800 Airport Boulevard, Mobile, Alabama 36608. William S. Kanaga, Retired Chairman, Arthur Young, 277 Park Avenue, 35th Floor, New York, New York 10172. John L. Clendenin, Chairman of the Board, BellSouth Corporation, 1155 Peachtree Street, N.E., Suite 2000, Atlanta, Georgia 30367-6000. James K. Baker, Chairman and Chief Executive Officer, Arvin Industries, Inc., One Noblitt Plaza, Box 3000, Columbus, Indiana 47202-3000. C.J. Silas, Chairman and Chief Executive Officer, Phillips Petroleum Company, 18 Phillips Building, 4th and Keeler, Bartlesville, Oklahoma 74004.
Regional Vice Chairmen: Dr. Earl H. Hess, President, Lancaster Laboratories, Inc., 2425 New Holland Pike, Lancaster, Pennsylvania 17601. Jeanine S. Hettinga, President and Chief Executive Officer, Hettinga Equipment, Inc., 2123 NW 111th Street, Des Moines, Iowa 50325. John J. Murphy, Chairman, President & Chief Executive Officer, Dresser Industries, Inc., 1600 Pacific, Dallas, Texas 75201. James N. Sullivan, Vice Chairman of the Board, Chevron Corporation, 225 Bush Street, 19th Floor, San Francisco, California 94104.

	Average No. Copies Each Issue During Preceding 12 Months	Actual No. Copies of Single Issue Published Nearest to Filing Date
A. Total No. Copies (Net Press Run).	900,212	898,582
B. Paid Circulation		
1. Sales through dealers and carriers, street vendors, and counter sales.	2,080	2,588
2. Mail Subscription.	866,051	865,629
C. Total Paid Circulation (Sum of 10B1 and 10B2).	868,131	868,217
D. Free Distribution by Mail, Carrier, or Other Means (Samples, Complimentary, and Other Free Copies).	19,356	19,550
E. Total Distribution (Sum of C and D).	887,487	887,767
F. Copies Not Distributed		
1. Office use, left over, unaccounted, spoiled after printing.	3,615	3,426
2. Return from News Agents.	9,110	7,389
G. Total (Sum of E, F1, and F2—should equal net press run shown in A).	900,212	898,582

I certify that the statements made by me above are correct and complete.

Leonard L. Rippa
Business Manager

INTERNATIONAL TRADE

India's Potential For Exporters

The 870 million consumers in India represent a promising market for U.S. exporters.

India's year-old economic-reform effort has resulted in much positive change, but the process "may be losing momentum," according to an assessment by the economic staff of the U.S. Embassy in New Delhi. "The depth and speed of the overall reform process in Indian trade and investment policy have been impressive ... and have exceeded most expectations," the staff said in a recent telegram to the U.S. Department of State. However, the report continued, the process "must be sustained over a number of years, during which additional difficult policy measures will be required."

Possible impediments to adoption of additional market-opening measures—and to full access for U.S. investors and exporters to India's potentially bountiful market of more than 870 million consumers—include state and local bureaucrats, organized labor, and domestic business and other interest groups.

This assessment of the market-opening program initiated in July 1991 by Indian Prime Minister V. P. Narasimha Rao closely resembles the first-anniversary report cards issued by other public- and private-sector officials in India and the United States. For example, Jeffrey D. Hallett uses words such as "sweeping" and "exciting" to characterize the Rao program, but he also cautions that "much more remains to be done if India is to realize its potential as a full player in the international economy." Hallett is executive director of the U.S.-India Business Council, an organization of entrepreneurs of both nations.

> **"Much more remains to be done" before India reaches its full economic potential.**
>
> **—Jeffrey D. Hallett**
> **Executive Director**
> **U.S.-India Business Council**

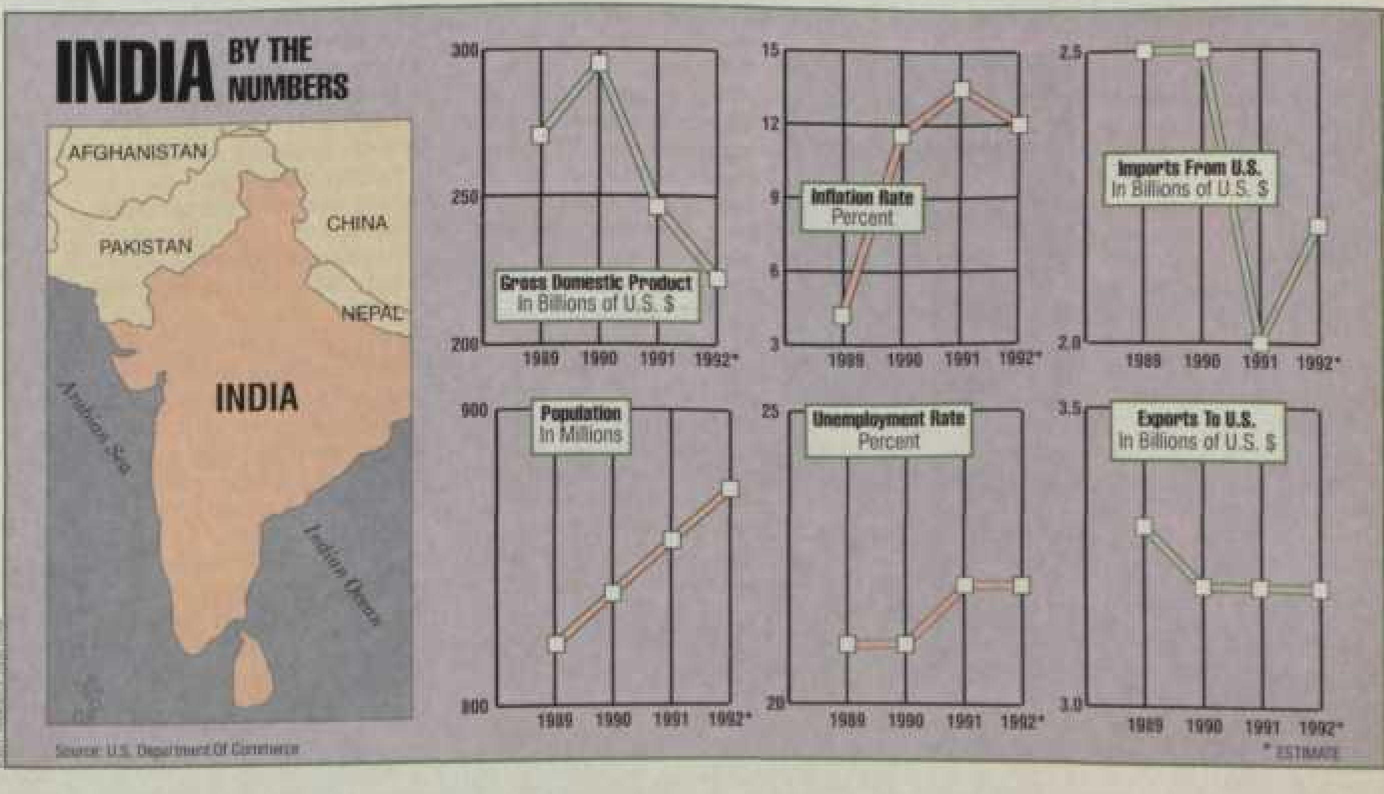
Rao launched his program a month after taking office in the midst of an economic crisis. India's foreign debt had reached $71 billion, among the highest in the developing world. Foreign reserves had dwindled to less than $1 billion, only enough for about two weeks' worth of the imports that India's economy requires in order to function. The budget deficit had neared 8.5 percent of gross national product, a gap unlikely ever to be closed by tax increases on a population whose annual income averaged only $350 per person.

Reducing the deficit through spending cuts seemed only slightly more achievable: Rao's socialist-oriented predecessors had overseen creation of a host of state-owned companies whose primary aim was to employ people, not to make a profit. Inflation was high. Foreign investment and domestic industrial output were stagnant. Productivity was declining.

In light of those serious problems and India's more than four decades of socialist policies, Rao's economic-liberalization achievements to date look monumental.

Rao has dismantled about 90 percent of India's complex and corrupt import-licensing system and has sharply curtailed trade-related regulations. He has abolished most government-owned trading monopolies, and he has began ratcheting down import duties, which had been as high as 300 percent.

India traditionally has imposed long



delays on foreign companies seeking approval of investment proposals and has limited foreign ownership stakes to 40 percent. Rao has streamlined investment-approval procedures, eliminating them entirely for investments in some industries. And he has raised theforeign-ownership ceiling to 51 percent.

Rao also has sharply curtailed or eliminated other restrictions on foreign-owned facilities—such as requiring that a specified percentage of their output be exported, imposing domestic-content requirements, and limiting repatriation of profits.

PHOTO: DILIP MEHTA—CONTACT PRESS IMAGES

Computers made in India *generally cost more than comparable U.S.-built machines.*

Foreign investors are voting their approval of these changes with their checkbooks: More than $1.4 billion in new investments has poured into India over the past year, and approval of up to $1 billion in additional investments is expected by the end of this year.

Nevertheless, more and perhaps more-difficult reforms are needed, according to American commercial officers in New Delhi, Hallett of the U.S.-India Business Council, and others who follow the reform process. For example, a new "Trade and Investment Update" report from officials of the U.S. Department of Commerce in Washington notes that India still is "one of the world's most protected and regulated markets."

States lag behind India's central government in implementing reforms.

Industrial licensing may largely be a thing of the past, but prospective business owners still cannot set up shop at will: Land must be acquired; electric, water, and sewer connections must be made; and state-level environmental clearances still must be obtained.

And "reform" remains a foreign word among many of India's state and local governments, where these clearances must be obtained.

Vikram Thapar, an Indian industrialist, recently told the magazine *Business India*: "States are hankering for investments but not cleaning up their acts. At the central level before, maybe 16 approvals were required, which took 16 months, but now only two approvals are required, which takes two months. But at the state level, 45 approvals are still required, which take 45 months."

Also, in deference to India's organized labor movement, Rao still has not formulated an "exit policy" that allows unprofitable companies to go out of business. And he recently announced that, in accord with demands of opposition parties and some members of his own Congress Party, he would suspend halting moves toward privatization of state-run enterprises. There were complaints that the government had underpriced by about $1 billion the 29 state firms it had sold in the first year of the privatization program.

A wide-reaching stock and securities scandal recently prompted the resignation of Rao's widely respected, Harvard University-educated commerce minister, P. Chidambaram, and sidetracked reform of India's financial system; about 90 percent of its assets are controlled by 20 state-owned institutions.

Importation of almost all consumer goods still is virtually banned, and average import duties, a major source of foreign-currency earnings in India, still are 110 percent of the imported goods' value. An American-made, state-of-the-art desktop computer that sells for about $2,500 in the U.S., for example, would cost more than $5,500 in India, including duty and freight. It is interesting to note that that price still would be a bargain for Indian consumers, because an equivalent PC made in India would cost about $8,000, according to the Commerce Department.

Also troubling to some potential American investors and exporters, Rao has yet to crack down on piracy of some intellectual property, most notably pharmaceuticals and agrichemicals. In fact, the problem in those industries remains so bad that last spring, U.S. Trade Representative Carla Hills placed India on a short list of nations with the world's worst intellectual-property laws and enforcement practices.

Hills subsequently suspended preferential duty treatment of about $60 million worth of Indian exports to the United States, primarily pharmaceuticals and chemicals.

The short-term Indian business prospects for American firms remains almost totally dependent on their product line. For example, investors interested in getting involved in a power-plant, telecommunications, or other infrastructure project or in any export-oriented enterprise likely will find relatively smooth sailing. And U.S. commercial officers in India have compiled a long list of products and services that currently have excellent export potential:

- **Aircraft and parts**
- **Oil-field and gas-field machinery and services**
- **Electric-power systems**
- **Medical instruments and equipment**
- **Telecommunications equipment**
- **Laboratory and scientific equipment**
- **Chemical-production machinery**
- **Machine tools**
- **Metalworking equipment**
- **Computer software and services**
- **Mining-industry equipment**
- **Scientific and industrial fiber optics**
- **Biotechnology**
- **Renewable-energy equipment**
- **Printing and graphic-arts equipment**
- **Textile machinery and equipment**
- **Railroad equipment**
- **Food processing and packaging equipment**
- **Pollution-control equipment**
- **Hotel and restaurant equipment**

These products and services are in high demand as India seeks to upgrade its infrastructure, industrial base, and standard of living, but they are not widely available from Indian companies.

Clearly, if you are considering a plunge into the Indian market, lots of preliminary research is essential. Here are several sources of valuable information: the U.S. Department of Commerce, (202) 482-2954; the U.S.-India Business Council, (202) 463-5492; the Embassy of India Trade Office, (212) 753-6655 or -6656; and the Indo-American Chamber of Commerce, 0119122-221413 or 0119122-221485. NB

We can help you do business around the world in 800 ways.

Outside the United States, nothing is ever 'business as usual.' So if you're doing business overseas or over the border, give us a call.

Wells Fargo is the only bank with toll-free customer service for international business. A call to the Wells Fargo International Exchange puts you directly in touch with the experts. Our trade specialists can help you determine the most profitable way to structure your international transactions. They can introduce you to valuable new trading partners and markets, and suggest the best ways to reduce your risk and manage your foreign exchange exposure.

You can also get faster letter of credit services by calling the International Exchange. For qualified customers making multiple purchases, Wells Fargo offers "In by 12, Out by 5" service. No other bank in California matches this service guarantee.

Bring your business to Wells Fargo and you'll also have access to the international network of the Hongkong and Shanghai Banking Corporation Limited, with more than 1,000 banking offices outside the United States.

Give us a call at 1-800-479-2858, Monday-Friday, 9 am to 6 pm. And discover all the ways that we can help your business around the world.

WELLS FARGO BANK

Member FDIC

Family Business

A firm that puts employees first; the benefits of the "whetstone effect"; choosing between two sons.

OBSERVATIONS

A Company Where Customers Come Second

By Sharon Nelton

"Profits are a natural extension of happiness in the workplace."

"If we put our people first, they'll put our clients first."

"The highest achievable level of service comes from the heart. So, the company that reaches its people's hearts will provide the very best service."

Those statements come from *The Customer Comes Second* (Morrow, $20), a book by a fourth-generation family-business chief, Hal F. Rosenbluth, and his co-author, Diane McFerrin Peters.

A friendly work environment can help a firm prosper, says Hal Rosenbluth.
Sharon Nelton

Mushy? Not on your life. By putting employees first, Rosenbluth, 40, has transformed Philadelphia-based Rosenbluth Travel from a $20 million company with 30 employees to an international powerhouse with 3,000 "associates" and annual revenues of $1.5 billion—in just 15 years.

When he joined the family firm after college, Rosenbluth writes, he saw "a flourishing business held back by politics; powerful individual efforts thwarted by a lack of teamwork. This was an environment I didn't relish working in, so it was likely many of my colleagues didn't like it much either." The company paid admirable attention to clients but sometimes "at the expense of the people within the company," he told *Nation's Business*.

Twice a year, Rosenbluth meets with a focus group of 20 employees representing the entire company. They give him a reading on employee morale and offer suggestions for improvement. Two major results: The company started a 401(k) contribution program and established a department to help employees plan their own travel.

To make leadership more accessible, he initiated a program in which any employee can spend a day with Rosenbluth or another top executive.

The company has also adopted a system of "vertical reviews," in which associates critique their bosses' performance. Through the process, Rosenbluth once learned that he was not always a good listener; he went to his own training department for help in improving his listening skills.

Rosenbluth's father, Harold, and Harold's cousin Eugene still co-chair the company, and his mother, sister, brother, and three cousins are all involved. "But I've always approached the company as if it really wasn't a family business but a business that happened to have family ownership," says Hal Rosenbluth. That approach has allowed nonfamily members to excel and be rewarded in ways that might be lost in companies that view themselves as family businesses, he says.

The Rosenbluths do not hold family-business councils or retreats at which business decisions are made. Too often, one of the problems in family businesses is that family members think they need to make all the decisions, Hal Rosenbluth says. "We recognize as a family that the decisions are being made by scores and scores of people, and they're not necessarily family members."

Rosenbluth strives for a work environment that fosters friendship among associates. When people like each other, he reasons, "they're going to cooperate more. When they cooperate more, the company's going to be more successful."

How does that relate to working with family members? Rosenbluth says, "In our family, we're all friends, so it's the same thing."

PLANNING

Accountability: The Whetstone Effect

By Craig E. Aronoff and John L. Ward

Cargill, Inc., the Minneapolis-based grain-trading and food-products company, had prospered for nearly 100 years when three family-business leaders died within a short period of time, leaving no succession plan and a board with no outside directors.

The next generation, composed of five Cargill sons—all in their 30s and all in middle management—felt unprepared to assume the responsibilities of leadership. They called in consultants from Chase Manhattan Bank to evaluate the performance and needs of their company.

Chase's advice included taking the company public. One of the reasons for doing so was to create what it called the "whetstone effect." As the consultants explained, "a company and its management can be sharpened by being exposed to the criticisms of sophisticated stockholders, enduring the scrutiny of professional securities analysts, and submitting to public appraisal in comparison with its competitors and peers."

Chase recommended that Cargill's family management team hold themselves to a higher level of accountability. The stock market, they suggested, could provide the whetstone that would keep management sharp.

The Cargills agreed that greater accountability was desirable, but they achieved their whetstone effect by using outside consulting firms to regularly evaluate performance and operations.

Public trading may or may not provide an adequate whetstone to keep a family business sharp. The well-publicized problems of some family-controlled companies shows that public trading far from assures accountability. If a publicly owned family firm seeks to avoid accountability, it can do so—at its peril and the peril of its shareholders.

The whetstone effect is important to all family businesses, large or small. It is essential to offset the greatest danger confronting family firms: that they lose touch, let down discipline, or become dull because of their insulation or isolation

Which of these is hurting your business: Health benefits or workers' compensation?

How co-employment can improve your benefits and lower your costs

#1. Better Health Benefits

are one of the advantages that General Motors and IBM have over your small business. Their size means they receive volume discounts and the best plans.

This is the age old business principle of buying power at work. Thousands of employees command better terms than those you are offered.

Now you too can have the buying power of the giant corporations. How? With co-employment which combines your employees with thousands of employees from other small businesses.

But size is only part of the story, there's another business principle that we use to control your costs. It's known as pooling of risk. This simply means that in a large pool, even a big claim has very little impact.

For example, a rock thrown in the ocean causes little more than a ripple. The same rock dropped in a mud puddle results in a tidal wave. You may have experienced this in a small group health plan.

#2 Workers' Compensation

costs American business $62 billion a year. And this beast keeps going up and up; in some states 10%, 20% or 30% every year. Have your sales increased like this?

What you may not know is that the increasing rates, phony claims and all the legal trickery are solved by co-employment. (Remember the rock in the ocean?)

There's no magic here - you'll be asked to use our safety program and work with our safety manager. The secret to this is not to lower the cost of the accident, it's to prevent it in the first place.

But, if there is an accident, you have to help. You need to have some light duty jobs available in order to get the injured employee back to work. That's your part.

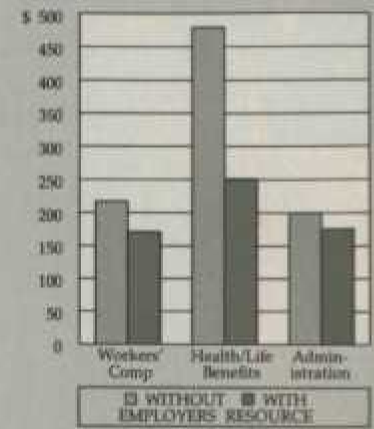
Our part is to find the best medical care, stop the fraud and handle the attorneys (we usually tell them to pound sand). How many times have you seen your insurance company roll over and play dead? They write the check and your rates go up. We don't play that game.

#3. Co-employment

does lower costs and improve your benefits. But the beauty of this program, the thing that makes it strong, lasting and real, is that it's based on sound business concepts.

SAVINGS ANALYSIS

PLUMBING: 12 EMPLOYEES-WEEKLY



You've seen how buying power and risk pooling can help you; economies of scale and fiscal conservatism are just as important. Proven over centuries, these ideas have the power to make a major impact on your business.

But that's just the tip of the iceberg. By becoming a co-employer, you still hire and manage your employees. You share your employer responsibilities with payroll and personnel experts with an alphabet soup of professional designations. You'll be sure that you're in compliance with the maze of governmental regulations.

". . . the four plus years that Employers Resource has been serving my needs, I cannot recall a time that your firm was not accommodating, accurate and punctual in the performance of service to us." Richmond, Virginia, Chris Ford, Cellular Associates

"Employers Resource offers this company a way to give the employees a comprehensive major medical plan at a price they can afford. Employers Resource made it possible for this company to have workers' compensation at a cost that would not put us on the brink of bankruptcy." Dallas, Texas; David Hinds, President, Van Tone Company

"Workers' Compensation is less expensive and paid weekly, not two months in advance." Tampa, Florida

RISK FREE! The Employers Resource Guarantee: We are so certain you will value our service that we will refund your set-up charges anytime up to one full year from the time you start service. Out of fairness, we would ask you try us for at least three months. After that you may cancel at any time with 30 days notice.

Co-employment may not work for you. Not always can we save money or improve benefits. However, we have found that 78% of our savings analyses show significantly lower costs to the small business. There is only one way for you to know what the results might be for your company . . .

Call now and arrange for your own savings analysis. Or if you'd prefer, ask for the small business packet and learn more about these advantages and the profitable simplicity of co-employment. Both are free of charge and without obligation.

1-800-859-8590

EMPLOYERS RESOURCE

from their various constituencies.

While the effect can ultimately be achieved by a variety of structural mechanisms, it must first be an attitude embedded in the family business's culture. Many entrepreneurs start their enterprises with fierce independence, dedicated to their own visions and unwilling to share information or to take advice from anyone. Achievement, not accountability, is their driving force.

ILLUSTRATION: DAVID CHEN

Other business founders, however, take a different approach. They seek mentors and advisers with greater experience or trained perspectives. Their approach asks "how am I doing?" rather than proclaiming "look how great I am!" They recognize their accountability to a variety of constituencies and soon learn to use that accountability as the whetstone that keeps their business practices and decisions sharp.

Those who resist accountability usually consider those who might provide it as nuisances. Other family members, minority stockholders, employees, customers, board members, bankers, accountants, and other advisers are among those who might ask bothersome, time-consuming, distracting, annoying questions. "None of their business" is a favored response.

Board members, if they exist, are kept in the dark. Board meetings are perfunctory. Family meetings don't occur.

Family-business leaders who recognize the value of whetstones are more than willing to invest in them. They use the best professional advisers. They seek customer feedback about products and performance, spending the time and money necessary to get good information.

They empower employees with the information needed to do their jobs and encourage input and innovation. They use experienced bankers to help evaluate performance and strategies, not just as a source of funds. They invite consultants to evaluate systems to identify opportunities for improvement.

They also share information on strategy and operations with their families, seeking to understand the goals and values of other family owners while helping all to understand the firm's direction. They welcome questions and appropriate input and would opt to provide too much information rather than too little.

Most important, the whetstone effect can be achieved through the use of outstanding outsiders on the company's board of directors. Regular sharing of information with them and openness to probing questions are among the best methods of maintaining one's edge.

Whether or not founders use whetstones, subsequent generations of family-business leadership should seek to embed accountability as an element of their company culture. A successful business founder has earned a certain credibility that does not automatically accrue to a successor. Positive acceptance of accountability is a great way to gain access to experience, to hone skills, and to gain the confidence of others.

John Amos created the American Family Life Assurance Co., a financial powerhouse with \$2.6 billion in sales, \$8 billion in assets, and \$117 million in 1990 profits. His nephew, Dan Amos, succeeded him and in 1991 increased earnings by 25.6 percent, sales by 22.2 percent, and share value by 53.1 percent. Dan's secret is revealed by his attitude: "I am not the founder, and I am much more accountable," he says.

The marketplace is the ultimate source of accountability for all businesses. Its lessons, though, can be very harsh. It can crush rather than hone. It is far better that a family business and its leaders seek and use the abundant whetstones available to them to maintain their edge.

The young Cargill heirs found their whetstones in 1960 and led the company to its best decades. Small family firms should follow their example.

PHOTO: T. MICHAEL KEZA

John L. Ward, left, is the Ralph Marotta Professor of Private Enterprise at Loyola University Chicago. Craig E. Aronoff holds the Dinos Chair of Private Enterprise at Kennesaw State College in Marietta, Ga. Both are family-business consultants.

Mark Your Calendar

Nov. 11-13, Cleveland

"Managing Succession Without Conflict," a seminar led by family-business consultant Léon A. Danco. Contact the Center for Family Business, 5862 Mayfield Road, P.O. Box 24268, Cleveland, Ohio 44124; (216) 442-0800.

Nov. 17, Honolulu

"Managing Succession Without Conflict: Critical Issues Facing Families in Business" is a half-day seminar for all family members. Contact Ross Nager of the Arthur Andersen Center for Family Business at (713) 237-2770.

Nov. 20-23, Miami/The Bahamas

"Successorship in the Family Business," a seminar led by management consultant F. Eugene McGrath aboard the Royal Caribbean cruise ship Nordic Empress. Contact Richard Polk, Captain Cruise Inc., 2040 Broadway, Schenectady, N.Y. 12306; 1-800-347-3933.

Nov. 24, Harrisburg, Pa.

The Common-Wealth Forum will hold a meeting for family-business owners and managers interested in forming a network to help one another deal with various issues. Write or call David Anderson Brown, Common-Wealth Forum, 206 W. Allen St., Mechanicsburg, Pa. 17055; (717) 766-6181.

Jan. 8-15, Ocho Rios, Jamaica

"A Family Business Seminar in Jamaica" features Leonard Geiser, director of the Family Business Program at Goshen College, in Goshen, Ind. Contact Henry D. Landes Associates at Box 376, Harleysville, Pa. 19438; (215) 256-3011.

How To Get Listed

This list of family-business events features national and regional programs that are open to the public. Send your item three months in advance to Family Business, Nation's Business, *1615 H Street, N.W., Washington, D.C. 20062-2000.*

YES,

This is the *O*riginal, *O*ne of a kind, *R*eal McCoy, *L*egendary, *F*ully loaded and *R*eady to be shipped... *S*tairMaster® 4000PT™.

The one you've heard about. The one that's used in thousands of fitness centers and over 1500 medical facilities worldwide. The one you have probably even stepped on is now available *factory direct* to your home. You can purchase the original StairMaster stairclimber for only *$2,195** or pay for it monthly.** The machine will arrive promptly, it's backed by the *StairMaster National Service Organization* and a *full one year parts warranty*. So if you've been searching for a stairclimber, you have found the one with no equal. The one that *started it all*.

$69.. PER MONTH

StairMaster
SPORTS/MEDICAL PRODUCTS, INC.

Call Now 1 800-635-2936

We recommend consulting a physician before beginning any exercise program

**Plus shipping and local sales tax where applicable*

***On approval of credit through our consumer financing plan*

Wouldn't you like to TRUST travel information to be the most accurate and up-to-the-minute?

Connect to the Source with a 15 DAY FREE TRIAL. Experience the benefits of being online with the industry's ultimate travel planning tool – THE OAG ELECTRONIC EDITION® Travel Service.

In the world of travel information, one company stands alone, on top of the information pyramid, as the trusted source for the entire travel industry – Official Airline Guides. The OAG ELECTRONIC EDITION Travel Service is your access point to a world of first-hand travel planning information you can trust.

IDEAL FOR BUSINESS TRAVEL, IT'S THE SIMPLEST WAY TO SAVE TIME AND MONEY

OAG and your computer is all it takes to obtain complete control of your travel plans. You'll see, in an instant, ***arrivals, departures*** and ***gate information*** on a "live" database that is updated every 10 minutes. Along with the very latest fares, seat availability and cancellation penalties, including advance purchase and minimum stay requirements.

START TODAY WITH YOUR
15 DAY FREE TRIAL
CALL NOW
1-800-323-4000 Ext. Q102

TRY THE ULTIMATE TOOL IN TRAVEL PLANNING FOR 15 DAYS – ABSOLUTELY FREE!

Experience The OAG ELECTRONIC EDITION Travel Service for yourself. It's fast, easy to use, and perfect for business and personal travel. It's also complete. With Hotel listings and Restaurant Reviews. Points of Interest and Recreation. Accu-Weather forecasts and more. Everything is covered… so when you're packed, you're prepared.

Wherever you need to go, whenever you need to be there, whatever your budget, you can trust making your travel plans with the source the industry relies on – the OAG ELECTRONIC EDITION Travel Service.

Your first 15 days usage is free. Information regarding normal usage charges and a one-time subscription fee ($25.00), for use after your free trial, will be included in your subscription package. Terms, conditions, and OAG usage charges are subject to change without notice. This offer cannot be combined with any other OAG ELECTRONIC EDITION Travel Service offer. You must be 18 years of age to be eligible.

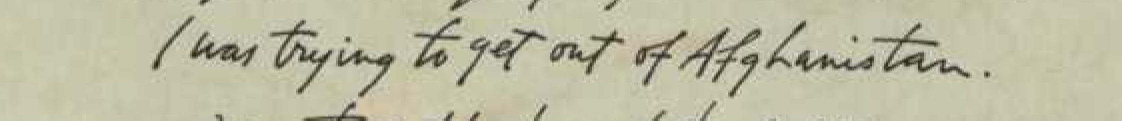
OAG® Electronic Edition® Travel Service

Connect To The Source.

LA/E 8


VACHERON CONSTANTIN
The World's oldest Watch Manufacturer
Geneva since 1755.
Frances Klein Estate Jewels
310 NORTH RODEO DRIVE • BEVERLY HILLS, CA 90210

While you were trying to get into law school,
I was trying to get out of Afghanistan.
You took the bar. I tended it.
You joined a very prestigious law firm.
I joined the Peace Corps.
For my birthday, you gave me a Waterman pen.
How often I forget how alike we really are.



Pens write. A Waterman expresses. For more than a century, this distinction has remained constant. In the precise, painstaking tooling. In the meticulous balancing. In the elegant styling accented with precious metals. For example, the Rhapsody Red Ripple, pictured above, recaptures all the romance of its 1920's original.

Jay's Luggage and Gifts

WATERMAN
PARIS

H.G. Daniels Co.

CASE STUDY

Biology Vs. Destiny

Alan, recently married to Mary, has two sons from an earlier marriage. Josh, 32, the older son, was adopted at birth and has been active in Alan's food-processing business for 10 years. Although he was an average student who had a reputation for partying during his college years, he earned a marketing degree and has since become a valued and trusted marketing manager. When Sammy, the biological son, was in college, he worked every summer in various departments of Alan's company. Now 25, he has completed an MBA in finance and wants to join the family business.

At 60, Alan isn't ready to let go and looks forward to having both of his sons working with him. However, he has one nagging problem: He knows he needs to start thinking about turning the business leadership over to one of the boys. Josh has the charisma and street smarts to be a very successful business leader. Sammy is an intellectual whiz who is not as outgoing as Josh but is better at helping people resolve workplace conflicts.

ILLUSTRATION: DAVID CHEN

Although they are not particularly close, the brothers get along well enough—as long as their father, who is very controlling, is around to referee. They tend to harbor some resentment toward each other. Josh has long felt that Alan favors his biological son; Sammy has always been jealous of Josh's popularity.

Alan worries about what kind of business colleagues they would be. He loves both boys, but he feels deep down that the bloodline belongs with his biological son. As Alan's second wife, Mary believes the succession decision is Alan's to make.

Alan is also concerned about how whatever decision he makes will affect the family and the business. How can Alan do what is best for both his sons and the business?

PHOTO: [illegible]

Take Steps To Be Objective

Lee Hausner of Doud Hausner and Associates, Sherman Oaks, Calif., a specialist in the interpersonal aspects of family-business issues:

Deciding between two qualified successors heightens the potential for conflict that places both family relationships and the business at risk. Normal sibling rivalry is intensified when one child is adopted, and Josh's feeling that Alan favors his biological son is based in reality, given Alan's own admission (at least to himself) that the bloodline belongs with Sammy.

Since Alan is not immediately ready to retire, he has time to work on his emotional issues as well as to develop a team-building program for his sons. Such a program, possibly designed by an outside consultant, would enable Josh and Sammy to openly work through their resentments while they develop an awareness of and appreciation for the special talents each brings to the family business. If these issues are not openly addressed, time will only intensify the friction between the brothers.

Prior to Alan's transition out of the business, the management skills and leadership qualities needed by the business in the future should be identified and agreed upon in a process involving Alan, his sons, and nonfamily key managers. Then the candidacy of each son can be more objectively evaluated in light of his performance.

If interpersonal conflicts have been resolved, the possibility of creating an "office of the president" with shared leadership roles could be considered, particularly since Josh and Sammy are competent in different but complementary areas of expertise.

However, if this is not feasible, using outside (that is, nonfamily) board members in making the ultimate leadership decision will take the "heat" off Alan, thus ensuring the best business decision with a minimal disruption of family relationships.

PHOTO: [illegible]

Put The Business First

Tom Davidow, co-founder of and a principal in Genus Resources, Inc., a family-business consulting firm in Needham, Mass.:

The family in a family-owned business is responsible to its employees for choosing a competent successor. The criterion for choosing a successor should be: "What is best for the business?"

Alan's family's relationships could not tolerate a succession decision today. Alan isn't ready to let go, and neither Sammy nor Josh is prepared to take over. A premature decision could cause a family schism. The sibling rivalry between the two sons, however, is normal and manageable.

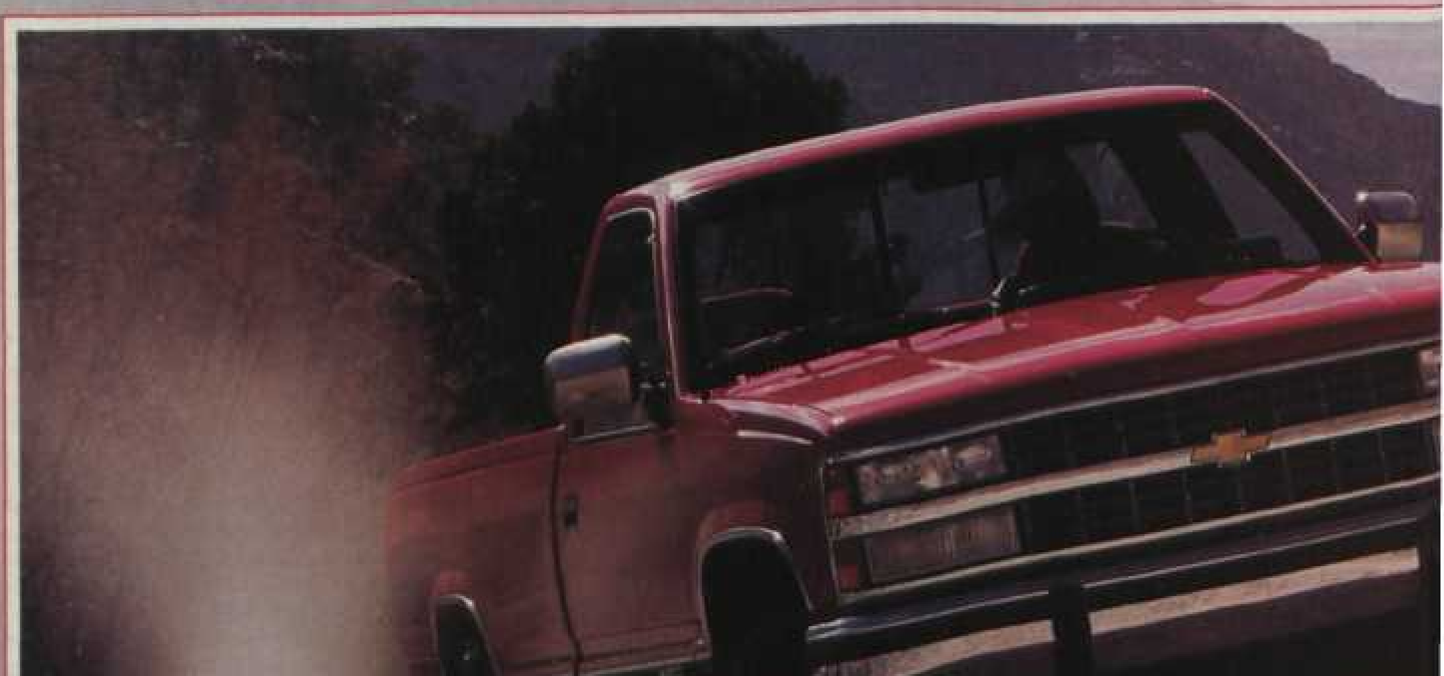
For Alan, succession planning has to begin with facing up to his attitude toward Josh. While Alan's feelings toward Josh are normal and expected, they are standing in the way of his ability to make a clear—and objective—decision.

Alan must also begin now to give more authority to each of his sons. Such delegation of authority will accomplish the dual task of training them and of giving Alan an opportunity to assess further their competency and skills. This is especially vital now in the case of Sammy, whose ability is virtually untested. Sammy's summer work with the company cannot possibly be sufficient for Alan to make such a crucial and long-range decision as selecting him as the successor now.

The leadership structure—that is, a single leader or shared leadership—is less important for the company than making sure both sons are given experience in decision making. If one of the sons emerges as more capable than the other, it is Alan's responsibility to choose the son better suited for leadership. The fairness of the process will determine the capacity for the family to manage the emotions that Alan's decision generates. Fortunately, Alan doesn't have to make a choice today, but if he had to, the correct choice would be Josh.

This is one of a series of case studies of family-business dilemmas, commented on by members of the Family Firm Institute and edited by Mike Cohn, president of The Cohn Financial Group, Inc., in Phoenix. The cases are real, but identities have been changed to protect the privacy of the individuals involved. The authors' opinions do not necessarily reflect the views of the institute.

How Does Chevy Deliver More Power?



C2500 Regular Cab Long Box.

We Use Less Gas. More power takes *more* gas, right? But not in Chevy's case. The smooth-running 4.3L Vortec V6 gives Chevy half-ton the highest MPG of any full-size pickup (EPA est. MPG city 17, hwy. 22).[*] And surprisingly, it delivers more standard horsepower than Ford, too! Important safety features include rear-wheel anti-lock brake system;[†] adjustable head restraints; an impact-absorbing steering column; a bigger, heavier 1/2-ton frame than Ford's;[**] and many other design features made possible when we designed the only all-new full-size pickup in the past 10 years. With the best 2-side-galvanized steel rust protection, Chevy full-size pickups also have the best resale value in the business.[*] In fact, more of the Chevy trucks sold over the past 10 years are still working than any other full-line manufacturer's – foreign or domestic – over 98%![††] That makes Chevrolet the most dependable, longest-lasting trucks on the road. Talk to us. Call Fleet Operations at 1-800-248-2897.

Chevy's strongbox frame.

The Heartbeat Of America™

TODAY'S FLEET COMPANY IS CHEVROLET.

SPECIAL REPORT

Cars For Buyers Who Want The Best

A luxury car can be a wise choice—for its safety, appearance, convenience, and overall quality. Here are top-of-the-line models for 1993.

By Julie Candler

Although a luxury car confers the look of success upon its owner, it can provide much more. Luxury cars, most of which are midsize and larger, generally offer more crash protection and more options than those in the lower price categories.

Another advantage of top-of-the-line cars is that they usually are the first to incorporate safety improvements. Many now offer speed-sensitive steering, which requires somewhat firmer driver control at higher speeds than at lower ones. Higher-priced cars were the first to add shift locks, which require depression of the brake pedal to move the shift lever out of "park."

Nearly all luxury models have air bags for both the driver and the front-seat passenger. Most come with anti-lock braking systems, which improve driver control by braking intermittently when they sense that wheels are locking.

As far as options are concerned, a luxury-car purchaser doesn't have to decide which to take and which to forgo for economy reasons. Virtually all options are standard equipment. Moreover, the makers of luxury brands keep coming up with new features.

As important as safety, appearance, and convenience features may be, however, surveys show that car buyers choose luxury models mainly for their quality. And in survey after survey, makes such as Cadillac, Infiniti, Lexus, Lincoln, and Mercedes dominate the lists of cars scoring above average for dependability.

In addition, if one of these superior works of automotive art should break down, the driver may be able to call toll-free for help from the manufacturer's roadside-assistance program—operated through a motor club. If the problem can't be solved via telephone, the auto maker will have a service truck on the scene within about 20 minutes.

Moreover, many luxury-car makers offer loaner cars for scheduled service appointments.

Although a luxury vehicle represents a large investment, it can retain so much of its value that resale brings a much greater return than a less-expensive vehicle.

You can justify indulging yourself with luxury by choosing one of the attractive lease plans offered by most makers—even Rolls-Royce.

Lincoln Mark VIII (top) and Buick Park Avenue Ultra

Most luxury plans are based on low interest rates, and they guarantee a value at the end of the lease that usually exceeds the car's resale value when that time comes. Car companies absorb the difference, knowing you will want another car when the lease expires and may choose their latest model.

Mercedes-Benz, for example, has a Win-Win lease program for its expensive S-class (which includes the 300S, 300SD, and 400SAE). The 36 monthly lease payments total up to thousands less than the sticker price. They are, in effect, price cuts.

Cadillac's DeVille ($31,740) is available on a lease that calls for a $1,500 down payment and a $498 monthly payment for 24 months.

Another advantage in leasing is that federal taxes on the purchase can be spread over the life of the agreement. When a car is purchased, taxes must be paid at the time of delivery.

Many of the higher-priced luxury cars are imports whose prices reflect the costs of making adjustments to the vehicles so that they comply with U.S. safety and exhaust-emissions standards. Such requirements have influenced some importers to withdraw vehicles from the U.S. market.

DeTomaso Industries of Italy, for example, made none of its 1991 or 1992 Maseratis available in the U.S. market because of problems meeting the requirements for safety restraints. The only model available from the company's 20 U.S. dealers is the Spyder convertible, which costs over $50,000.

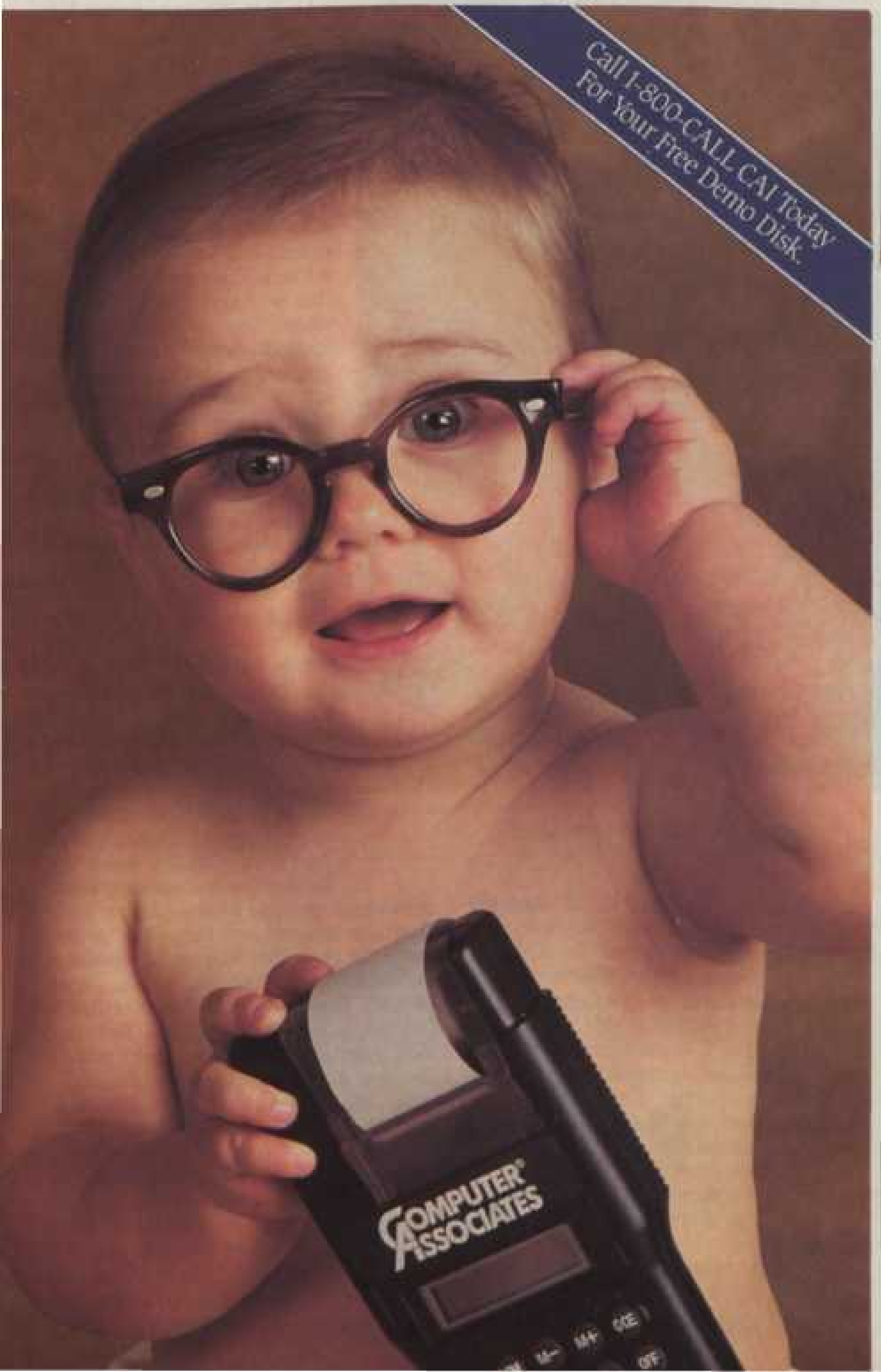
The tax on vehicles that do not meet federal fuel-economy standards can reach $4,000 or more on a large, heavy vehicle.

In addition, luxury cars are subject to a federal luxury tax. This tax is 10 percent on the amount of their price exceeding $30,000. The luxury tax on a $60,000 car would be $3,000, for example; on a $160,000 car, it would be $13,000.

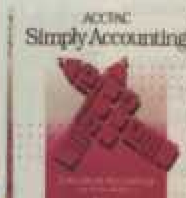
A car becomes a luxury instead of basic transportation at about $35,000, says James Dunne, automotive editor of *Popular Mechanics* magazine. Many automotive writers agree. So, our look at what's new in this richly appointed market of luxury cars focuses first on those with base prices of $35,000 and up. We're also including a category of automobiles considered to be "near luxury," at $25,000 to $35,000.

The cars from 19 manufacturers listed alphabetically in these two categories were chosen for their size—those roomy enough for a family on a vacation trip, for example. This list does not include a

Some People Are Born Accountants. For The Rest Of Us, There's New ACCPAC Simply Accounting For Windows.

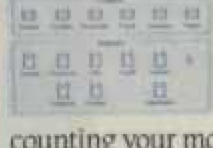


Easy To Learn, Easy To Use And Only $199.



Now there's an accounting program anybody can use—new ACCPAC® Simply Accounting™ For Windows,™ the quickest and easiest way to take care of your books.

You'll have it up and running in minutes. And with the Windows interface, you can do anything with just a few clicks of the mouse. Write a check. Print out an invoice. Do your payroll. Manage your receivables.



What used to take hours now takes just minutes. So you can spend less time counting your money—and more time making it.

And since it costs only $199, you can take care of your books without breaking the bank.

CA90s

CA's Computing Architecture For The 90s

Call us today at 1-800-CALL CAI for the location of your nearest dealer.

It's the accounting program anybody can use.

And we mean anybody.

COMPUTER® ASSOCIATES

Software superior by design.

For Only $199 You'll Get: · General Ledger · Accounts Payable · Accounts Receivable · Payroll · Inventory Control · Job Costing · Prints Checks, Statements, Invoices and Mailing Labels · Produces Standard Accounting Reports · Quick Set-Up

number of specialty luxury cars—including small, big-ticket, high-performance sports cars such as the Chevrolet Corvette coupe ($34,595), Acura NSX ($65,000), or the new Dodge Viper ($50,000).

Unless specified otherwise, base prices are for 1992 models. Many manufacturers' 1993 prices were unavailable when this article was written.

Over $35,000

Audi. The new Audi S4 is a high-performance, high-tech sports sedan derived from the firm's 100-series sedan line. With a 227-horsepower, turbocharged, 2.2-liter, five-cylinder engine and a five-speed manual transmission, the S4's Quattro system delivers power full time to all four wheels and does an impressive 0 to 60 miles per hour in 6.6 seconds.

The S4's standard features include a differential that distributes engine power in varying degrees between front and rear wheels for a feeling of all-around road stability, plus a cellular phone concealed in the center arm rest.

The S4 went on sale in the U.S. last May at $44,155, and within a month, all 300 vehicles were sold.

The Audi V-8 Quattro fairly leaps from the highway with its 4.2-liter, 276-horsepower, 32-valve engine. It has excellent road-holding and maneuvering capabilities. The price is $53,900, plus a $2,100 fuel-economy tax.

BMW. The 14 models from BMW of North America, Inc., range from the 318i ($22,900) to the 850i two-door V-12 ($78,500). In 1996, some production will be transferred from Germany to South Carolina. In the $35,000-and-up category are the models in the 5 and 7 series, plus the 325iC convertibles ($36,320) and the 850i.

For 1993, BMW has added its first V-8, a 4.0-liter, 32-valve engine to power the 740i and 740iL sedans. This past spring, BMW introduced a station wagon, the 525i Touring Sedan ($38,000). With a V-6, 189-horsepower engine, BMW says, the car combines "the driving pleasures of a sports sedan with the utility of a station wagon."

Cadillac. The 1992 Seville Touring Sedan (called the STS and priced at $41,990 for 1993) was so hot when it arrived that it won honors from three car-buff magazines, including designation as "Car of the Year" from *Motor Trend*.

This front-wheel-drive car boasts the styling and stiffer handling of European cars and has captured a share of the under-50 market of younger, more-affluent buyers. Those who prefer softer, more traditional ride and handling can choose the base-model Seville four-door V-8 at $34,975.

For 1993, Cadillac adds even more zip to the Seville STS with its first new engine in a decade. Called the Northstar, it's an impressive, all-aluminum, 4.6-liter V-8 with four camshafts and 32 valves that produce 290 horsepower. It was first made available on the $59,975 1993 Cadillac Allante luxury sports car. The engine is smoothly matched with a new, stronger transmission, the 4T80-E, an electronically controlled four-speed automatic.

Cadillac STS (top) and Lexus LS400

Cadillac also equipped its Eldorado Touring Coupe with a 270-horsepower, 4.6-liter version of the Northstar V-8 (the less-powerful engine avoids a fuel-economy tax). The Eldorado Sport Coupe for 1993 offers an optional package that provides a sportier look, and another package that includes the appearance changes plus the 270-horsepower version of the new Northstar engine.

The base Eldorado retains the 4.9-liter, 16-valve V-8 that has been a Cadillac staple.

The big, rear-wheel-drive Brougham ($36,360) got a substantial makeover for 1993. The top-of-the-line models are renamed the Fleetwood and Fleetwood Brougham. At 225.3 inches, they are longer than their predecessors, which already were the longest cars on the market except for limousines.

Infiniti. This line, from the Infiniti Division of the Japanese Nissan Motor Corp. in U.S.A., ranges from a modest four-cylinder G-20 ($19,100) to the finely engineered Q45 ($44,100, including a fuel-economy tax). The Q45 rates tops in quality studies by J.D. Power and Associates, an automotive marketing and research firm in Agoura Hills, Calif.

The car's 4.5-liter, 278-horsepower V-8 engine is powerful yet quiet. The Q45 handles like a hot, agile sports car and is available with optional Full Active Suspension, a computer-controlled system for better handling and a smoother ride.

Another feature on the Q45 is a self-adjusting steering wheel. Once you set the adjustment mechanism for the position you prefer, the steering wheel tilts into place automatically after you turn the ignition key. When you turn off the engine, the steering wheel pops up to ease your exit and your later re-entry.

Jaguar. Since it acquired Jaguar Cars, Inc., in 1989, Ford Motor Co. has improved the quality of these classy cars from the United Kingdom. Jaguar even reached the 10th place on J.D. Power's Customer Satisfaction Index for July 1992. For 1993, a driver's-side air bag is added to the Jaguar XJ6 four-door sedan ($49,750 for '93) and the Vanden Plas Sedan ($56,750 for '93). Also new is a manual-tilt steering wheel, 12-way power seat with memory, and a remote entry and alarm system.

Two sporty luxury cars—Jaguar calls them grand touring cars—are priced lower for 1993. The Jaguar XJS coupe, a four-seater, is $49,750, down from $60,500. The two-seat XJS convertible is $56,750, reduced from $67,500. The cars' V-12 engine has been replaced with a 24-valve, 4-liter, six-cylinder engine delivering 223 horsepower. It is the same engine that powers the XJ6 line.

Lexus. The Lexus LS400 four-door sedan ($44,300) set a new standard for luxury cars when it arrived in 1990, receiving the highest ranking ever recorded in *Car and Driver* magazine's survey of luxury-car owners. Along with the quiet, smooth performance of the

LS400's 4.0-liter V-8 engine, the car provides superb ride and comfort.

The LS400 is the flagship of the new luxury division from Japan's Toyota Motor Sales USA, Inc. For improved road performance and feel, LS400 will have larger, 16-inch tires and aluminum-alloy wheels. Other changes include a new grille, some suspension refinements, and the availability of a voice-activated, pocket-size cellular phone that recognizes only two voices. It can be used as a portable phone.

The LS400 also has the self-adjusting steering wheel and heated seats.

Minor changes also were made to the sporty Lexus SC400 coupe ($39,400), which was named *Motor Trend* magazine's "Import Car of the Year" when it was launched in June 1991.

Mercedes-Benz. The top line of automobiles from the German-owned Mercedes-Benz of North America, Inc., has two all-new coupes for 1993. They are the 500 SEC, with a 5.0-liter V-8 engine, and the 600 SEC, with a mighty 6.0-liter V-12. They join the Mercedes S class, where prices range from $69,400 to $127,800.

There's also a new model, the 300CE Cabriolet, a midsize four-passenger convertible with a 3.2-liter, six-cylinder engine. A 600SL roadster, with the 6.0-liter V-12 engine, joins the dream convertibles, the six-cylinder 300SL ($82,500) and the V-8 500SL convertibles ($97,500).

Rolls-Royce. You may purchase one of seven limited editions of the hand-built Rolls-Royce Corniche IV convertible. The seven are among 29 "coachbuilt motor cars"—each requiring six months to build—produced to commemorate the 25th anniversary of the Corniche. They will be finished in Ming blue with a cream top and magnolia interior "of the finest English hide." The very British firm announces that interior woodwork includes veneered picnic tables bearing the Rolls-Royce motif in silver inlay, plus vanity kit and cocktail cabinet.

The R-R line includes a long-wheelbase Silver Spur II four-door V-8 sedan ($178,200 for 1993), the Silver Spur Touring Limousine V-8 ($310,000 for 1993), and the Corniche IV Convertible V-8 ($251,000 for 1993; if you had bought the 1992 model, you would have saved $7,300).

For 1993, changes in the cars include new four-speed automatic transmissions and revised theft-prevention systems.

The company's Bentley line ranges from the Mulsanne S four-door V-8 ($149,900) to a Continental convertible ($242,900) and a Continental R two-door V-8 ($261,800). New for 1993 is a four-door, five-passenger Bentley Brooklands (1993 price, $138,500), powered by a hand-built 6.75-liter engine. It represents Bentley's emphasis on performance while blending hand crafting with advanced automotive technology.

Saab. Saab Cars, USA, Inc., introduces a 1993 replacement for its 9000 and 9000 S luxury models. The 9000 CS is an elegant five-door hatchback that looks like a sedan. Its all-new styling is unmistakably Saab. There are refinements in steering, noise reduction, and safety.

Oldsmobile 98 Regency (top) and Mercedes-Benz 600 SEC

The Swedish-based company offers a new ordering program that lets buyers add luxury options to the less-expensive 900 series, or order a 9000 series vehicle without a package of deluxe features. The new ordering strategy essentially means that most Saabs have a lower starting price and less standard equipment for 1993.

A fully equipped 9000 CSE is available with Saab's performance engine, a 200-horsepower 2.3-liter turbo, or a tamer 150-horsepower 2.3-liter nonturbo.

The fully equipped version of the Saab 9000 CD, a four-door sedan, will be badged the CDE. The 1993 price for the CD has been reduced to $35,745 from $37,615 in 1992.

$25,000 To $35,000

Acura Legend. American Honda Motor Co. was the first to introduce a luxury brand from Japan. The Acura Legend is a front-wheel-drive performance luxury car with 1993 prices ranging from $29,200 to $36,500. (The Acura lineup starts with Integra, at $12,930 for 1993.)

A second-generation Acura Legend sedan arrives for 1993 with improved performance, sportier driving feel, and more luxury. An aluminum, 3.2-liter, 24-valve, 200-horsepower V-6 powers the new sedan, which features speed-sensitive steering and automatic climate control.

The Acura Vigor, a five-cylinder personal sports sedan, falls between Integra and Legend. Its 1993 prices range from $24,265 to $27,500.

Alfa Romeo. From Italy come the classic little Spider ($21,264) and the upscale Spider Veloce convertible ($24,309). The model 164 four-door sedan with a V-6 engine ($29,490) is bigger and more luxurious than previous Alfa Romeos. A higher-performance version of the 164 generates 200 horsepower and sells for $34,990.

Audi. In the near-luxury category, three Audi 90 S models, all personal-size luxury sedans with all-wheel drive and a sports flair, arrived this past summer via the German-owned Audi of America, Inc. The 1993 90 S with five-speed manual transmission starts at $25,850. The 90 CS, with more standard features, including a power sunroof and power driver's seat, sells for $28,700. The 90 CS Quattro sport, with permanently engaged all-wheel drive and a five-speed transmission, includes the same standard equipment as the 90 CS plus a spoiler, special suspension, and other features for optimum handling; it lists for $32,250. Each 90 series is powered by a 2.8-liter V-6.

BMW. The firm launched a new 3-Series model in April, a 325is ($29,100), a rear-wheel-drive coupe that handles and performs smoothly. It is based on the 325i sedan.

Buick. For 1993, there's a newly enhanced version of the 3800 V-6, 3.8-liter engine on the front-wheel-drive personal

SMALL BUSINESS IS THE ENGINE THAT DRIVES THE AMERICAN ECONOMY.

PRESENTING THE BLUE CHIP ENTERPRISE INITIATIVE.™

Statistics show small businesses generate much of the innovation and new jobs in America. They are the Blue Chip companies of today. But now they are facing unprecedented pressures.

That's why Connecticut Mutual Life Insurance Company, the U.S. Chamber of Commerce, and NATION'S BUSINESS are sponsoring the Blue Chip Enterprise Initiative.

The Initiative seeks out — and learns from — companies that have demonstrated the ability to overcome challenges. And it provides the incentive for them to share their solutions for success, by sponsoring the Blue Chip Enterprise Initiative Award. From the award applications, methods for increasing competitiveness are identified, and made available through participating local and state Chambers of Commerce.

APPLY...
AND BE A PART OF THE SOLUTION.

Join the initiative by applying for the Award. Or request an application for your employer, clients or a company in your community. Describe what challenges you have overcome and how.

In each state, The District of Columbia, and Puerto Rico, up to four Blue Chip Enterprises will be designated. Ultimately, four national designees will be selected and invited to the U.S. Chamber of Commerce Meeting in Washington, D.C., in February, 1993.

Any for-profit company with five to three hundred employees and at least three years of continuous operation is eligible. There is no cost to apply. All judging is conducted by distinguished, independent, small business experts.

As a reward for sharing their stories, and in recognition of their achievements and quality, all designated companies will receive extensive publicity and promotional support. Their histories will be featured in the Blue Chip Enterprise Initiative video library and an in-depth companion book of case histories.

APPLY...
AND LEARN FROM YOUR PEERS.

Even those companies that aren't selected as designees will receive the video library and the book just for applying. Small business solutions compiled for the benefit of all small businesses from the experts...other small business owners.

Applications are accepted any time before the deadline. But they must be received by November 25, 1992. For complete information and an application, call 1-800-AWARD-93

Connecticut Mutual
The Blue Chip Company

Nation's Business
The Small Business Adviser

Circle No. 43 on Reader Service Card

luxury coupe, Buick Riviera ($25,415), as well as the Buick Park Avenue ($25,285) and Park Avenue Ultra ($28,780) four-door sedans.

The changes were designed to improve the cars' performance, fuel economy, and handling.

A supercharged version of the engine, delivering 205 horsepower, is standard on the Park Avenue Ultra. The attractive Park Avenue and Park Avenue Ultra have new grilles and an optional automatic ride-control system.

Cadillac. The DeVille two-door V-8 and four-door V-8 fit the near-luxury category at a price of $31,740.

Chrysler. The Imperial, a four-door V-6, sells for $28,453. It will be replaced in early 1993 with a longer, luxury version of Chrysler's new LH cars.

The company says the "cab-forward" design of the LH puts the space and comfort of a full-size car into midsize bodies.

Infiniti. The newest entry is the handsome J30 ($33,000). Its leather seats and cherry wood interior accents exude luxury. The rear-wheel-drive car is designed with an elliptical shape in place of the high-rear, low-front "wedge" shape of most current sedans. Its engine is the 3.0-liter, 24-valve, six-cylinder based on Nissan's sporty 300ZX power plant. Horsepower rating is 210.

Infiniti is dropping its M30 coupe ($25,500) and convertible ($33,700). Another coupe is expected to be unveiled later.

Lexus. Minor changes, such as a new seat-belt system that allows easy installation of child seats, were made for 1993 in the Lexus SC300 sport coupe ($32,700) and the ES300 four-door sedan ($26,550). Both are powered by a 3.0-liter, six-cylinder engine; a five-speed manual transmission is standard.

Lincoln. A holiday gift for luxury lovers arrives Dec. 26, when Lincoln introduces its Mark VIII sports coupe. It is a strong contender for designation as 1993 "Car of the Year" by *Motor Trend*. The rear-drive car is longer and sleeker than the Mark VII but retains the spare-tire bulge on its rear deck lid. Its 4.6-liter, 32-valve, V-8 engine will generate 280 horsepower. It will have a high-tech suspension system, including self-leveling air springs.

The Lincoln Town Car ($31,211), with the unmistakable image of a limo, added a remote-keyless-entry system and an overdrive lockout button for 1993. The lockout button prevents the car from going into overdrive when maximum power is desired.

Remote keyless entry is standard on the Continental ($32,263). Both the Town Car and the Continental added an optional integrated voice-activated cellular telephone.

Mazda. The 929 ($28,500), the first luxury vehicle from the Japanese-based Mazda (North America) Inc., arrived as a 1992 model. It is a handsome, rear-drive, four-door sedan with a 3.0-liter, 195-horsepower V6 engine, and it handles beautifully.

Jaguar XJS (top) and Pontiac SSEi

Mercedes-Benz. Mercedes-Benz of North America has announced that prices of its entry-level ("baby Benz") cars remain unchanged for 1993. The 190e 2.3-liter four-door sedan remains at $28,950, and the more powerful 190E 2.6 stays at $34,000.

Mitsubishi. Diamante is the luxury entry of Mitsubishi Motors Corp. of Japan. One of the two models, the Diamante LS four-door, makes the near-luxury category at $26,450. The front-wheel-drive LS is driven by a more powerful 24-valve, 3.0-liter V-6 that produces 202 horsepower and has standard anti-lock brakes. It is available with a special Euro-Handling package with a sophisticated suspension and traction control.

Oldsmobile. The Oldsmobile 98 Regency ($24,595), Regency Elite ($26,195), and Touring Sedan ($28,995) are big front-drive four-doors built on the same "platform" as the Buick Park Avenue and Cadillac DeVille. The flagships of the Olds fleet provide driving pleasure with 3.8-liter V-6 engines and automatic transmissions with overdrive.

The Touring Sedan is available with a hotter, 205-horsepower supercharged engine. Among refinements for 1993, the engine compression ratio was raised for improved fuel efficiency.

Pontiac. Ads are promoting the Pontiac SSEi (formerly Bonneville SSEi) as having all the prestige of top luxury cars at a much lower price ($28,045). It is a roomy, full-sized sedan with a supercharged 205-horsepower, 3.8-liter V-6 engine providing sporty performance. The engine is quiet and smooth, and the car features an optional "heads-up" display on the windshield, showing speed and warnings such as low fuel so that the driver's eyes need never leave the road. Pontiac says the SSEi is the sportiest full-size sport sedan available.

Saab. Under Saab's new ordering system, whereby buyers may choose whatever options suit their tastes or budgets, Saab for 1993 drops its 900 designation and leads off the series with the 900 S. With front-wheel drive and a 2.1-liter, 140-horsepower engine, 900 S comes as a four-door ($24,595), a three-door hatchback ($23,980), or a convertible ($31,360.)

A 9000 CD five-door turbo for 1993 sells for $28,820.

Volvo. Volvo North America Corp. brings from Sweden this fall a new 850GLT, a midsize sedan. Prices range from $24,200 to $27,250. It is the company's first front-wheel-drive model and breaks from Volvo tradition with sporty, nonboxy styling. Its all-new powertrain consists of a five-cylinder engine linked with a manual or an automatic transmission.

Seven other near-luxury Volvos range from $24,995 to the four-door, six-cylinder wagon priced at $34,655. NB

Every day, more and more business travelers are flying with Packard Bell.

Why is that?

Could be that the Packard Bell notebook packs more computer power, flexibility, connectivity, convenience and value per ounce. (Nobody ever questions Packard Bell value).

It might be because Packard Bell notebooks are factory loaded with all the software you need to be up and running fast...including Windows.™

Maybe it's because Packard Bell user support services spoil you.

Which is to to say that the solution to a problem doesn't depend on time zones or datelines. Could be all of those things. Most likely is. It's all why America's at work with Packard Bell.

PACKARD BELL®

America grew up listening to us. It still does.

9425 Canoga Avenue, Chatsworth, CA 91311

1-818-886-0400

System shown is the Packard Bell 486DX/25 notebook

Los Angeles Toronto London Munich Milan Tokyo Amsterdam Paris Hong Kong Tel Aviv Madrid

ECONOMIC DEVELOPMENT

States Establish Goals For Growth

By Harry Bacas

Many states and cities, pressured by mounting budget problems, are searching for ways to attract and promote the growth of industries that mean jobs and tax revenues. Along with those efforts, however, many jurisdictions are also setting development guidelines to ensure that their efforts will benefit their communities in the long term.

"One new direction many states are taking is to emphasize self-evaluation," says Miles Friedman, executive director of the National Association of State Development Agencies, in Washington, D.C. "With the tight dollar, they want to see if their money is being well spent. They are measuring the impact of their actions both on the businesses they are trying to serve and on their communities as a whole."

In Oregon, for example, the Legislature has been pushing for accountability measures since it voted to dedicate state-lottery revenues to economic development. It wants an accounting of how the revenue is spent. A major result of efforts to measure progress is Oregon's 160 "benchmarks," a list of social and business criteria.

Steven Peterson, director of the state's Department of Economic Development, says: "We're trying to get beyond the familiar 'How many jobs have been created?' to more-significant performance measurements. We want to examine the impact of our activities on the state's long-term goals, and in this we have been greatly influenced by our business community."

A state that has taken steps similar to Oregon's is Minnesota, which last year drew up its own list of guidelines—called "milestones"—for promoting beneficial economic growth.

Idaho has no formal list of development criteria, but it expresses similar values when it emphasizes the interdependence of the "business climate" and the "quality of life."

Such strategies are paying off—more eggs out of Minnesota, for example, beans baked where they're grown in Idaho, a publisher's move to Oregon for its growth-promoting business climate.

The Oregon drive started in 1986 when a citizens' commission drew up the first guidelines. The group highlighted the state's abundant power and clean water; well-located industrial sites; an educated and productive work force; good neighborhoods, schools, and roads; minimal congestion; and an unspoiled natural environment.

The commission also said the state should try to diversify its economy—to depend less on raw agricultural and forest products and more on finished goods, new export markets, and higher-paid, knowledge-intensive fields such as accounting, finance, computers, and publishing.

Then specific goals were added, including a higher per-capita income, reduced poverty, stabilized employment, job expansion, enhanced livability, and increased literacy. The wide-ranging list of 160 benchmarks sets numeric goals for five, 10, and 20 years in the future.

The benchmarks include social indicators such as teenage births, rates of child immunization, the percentage of adults who vote, civic participation by minorities, comparative housing costs and taxes, and workers' commuting times.

Business benchmarks include the number of small-business start-ups per 1,000 residents, the percentage of permits issued on time, the state's national ranking

New equipment *financed partly with government-supported loans spurred expansion at Alsea Veneer, in Newport, Ore.; at left (blue shirt) is Brad W. Clark, vice president.*

Economic-growth strategies in states such as Oregon, Idaho, and Minnesota flow from guidelines designed to assure long-lasting benefits.

in workers' compensation costs, and the percentage of goods manufactured in Oregon that are sold outside the U.S.

A type of business Oregon wants to promote is Alsea Veneer, a $6.5 million wood-products company in Newport, Ore. It has 60 employees and sells both in the United States and abroad. It uses rotary lathes to "peel" hemlock and alder into thin sheets, and it ships 40 percent of its product to Japan for use in making plywood.

Alsea, in business since 1963, built a new mill 25 miles inland from Newport at Eddyville in 1980 with $648,000 from its bank and a state industrial-development revenue bond. Last year it borrowed an additional $300,000, half from the state and half in a loan guaranteed by the U.S. Small Business Administration, for new equipment.

"We had to provide the economic-development people with an overview" of the company's operations to justify the loan, says Paul Smud, one of Alsea's three partners. "And our Japanese sales sure didn't hurt our prospects any."

The state's willingness to help finance the expansion through the industrial-development bond enabled the company to expand steadily, which in turn strengthened the state's revenue base.

A different sort of company in Oregon's valued "traded" sector—in which products are sold out of state—is PSI Research, in Grants Pass, which publishes business books and cards.

PSI has $3 million in annual sales and 50 employees. When it moved to Oregon from Sunnyvale, Calif., in 1988, it received help from the state and from regional and local agencies.

The state dipped into its database of sites to find an ideal location in a business park just built by Josephine County in a mountain valley on the scenic Rogue River.

Oregon then came up with 40 percent of the $600,000 the company needed to put up its building, a two-story, steel-frame, 16,000-foot structure that later won a national design award. The company raised the rest of the funds through private sources.

The company's president, Emmett Ramey, says he was happy in Sunnyvale, but the space he needed for expansion was expensive. He says his 16,000 square feet in Oregon cost what 9,000 feet would have cost in California.

Minnesota's "milestones," inspired by Oregon's benchmarks, serve a similar function in guiding development in that state. "We have adopted the private-sector concept of measuring performance and customer satisfaction," says Dan Quillin, a supervisor in Minnesota's Department of Trade and Economic Development.

Reaching for customers is a specialty of Terence Stone, a former small-town mayor who now directs Minnesota's Region Nine Development Commission, in Mankato. "We help communities identify for themselves what their needs and priorities are," he says. "Then we help them get it."

Stone cites the example of Gaylord, Minn., a rural town of 2,000 about 50 miles west of Minneapolis, where expansion of an egg plant was blocked because of inadequate sewage-treatment capacity. Stone brought in state and federal agencies to help the city solve the problem.

Steven Renquist, city administrator of Gaylord, explains that the Milton G. Waldbaum company, owned by Michael Foods of Minneapolis, was a family egg-

Employment doubled *at the Waldbaum egg-packing plant in Gaylord, Minn., after expansion that was made possible by a new waste-water treatment plant.*

PHOTO: T. MICHAEL KEZA

Idaho barley *is now malted at an Anheuser-Busch plant in Idaho Falls as a result of local efforts to prove the economic pluses of an Idaho location.*

packing business dating back 30 years. Michael had moved the company from the whole-egg business into value-added products such as liquefied, pasteurized eggs for sale to food-service companies. It spent $13 million on improvements. But the city's waste-water-treatment system could not handle further expansion.

The city put up $350,000, to be paid back largely through plant waste-water charges. This seed money was then matched by a $436,000 state grant and $1.3 million in federal money toward the $4 million cost of a new treatment plant. The company paid the rest. The new system's capacity exceeds the plant's needs and will accommodate city growth. Employment at the plant has more than doubled to 400, and the company is spending $30 million to build an addition.

In Duluth, Minn., 150 miles north of Minneapolis, on the western end of Lake Superior, the need to attract new businesses was even greater. Duluth, a port that had suffered with the decline of the iron and steel industries, had an unemployment rate of 16 percent.

David Cordeau was hired as president and CEO of the Duluth Chamber of Commerce seven years ago after having helped reinvigorate Lowell, Mass., (once home to flourishing textile mills) and Portsmouth, N.H., (once a bustling seacoast town). In Duluth, he says, "our strategy has been to focus our economic-development efforts on our strengths. We concentrated on our underutilized assets—Lake Superior, our forests, our medical expertise, our talented work force.

"Duluth used to be a well-kept secret; now there are tourists everywhere. We have recruited the best doctors for our regional medical center, which provides sophisticated services for much of Minnesota, Michigan, Wisconsin, and Ontario. We have made education an industry. . . . We built a half-billion-dollar paper mill that is state-of-the-art."

Cordeau also played a role in a major state effort to persuade Northwest Airlines—headquartered in Minneapolis but being courted by other states—to build a $250 million aircraft service facility outside Duluth and a $100 million engine-overhaul plant at Hibbing—employing altogether up to 1,000.

Cordeau and Duluth have cultivated small businesses, too. One example is Jamar, Inc., which was a family-owned sheet-metal and roofing company that had started to decline. J.R. Link, who had owned construction businesses in several states and was then working for API, a construction holding company in Minneapolis, bought Jamar six years ago to see what he could do with it.

"Having been a private owner all my life, I figured I wouldn't stay here," Link says. "Normally, I would come in for two or three years, pump the business up for API, then leave and turn it over to another manager. But this city and Dave Cordeau had so much spirit, it got me going, too." So Link stayed—and grew with the city. As Duluth began rebuilding (unemployment has now dropped to 5 percent), Link and Jamar prospered. The company's annual revenues increased from $4.6 million to $30 million, and it began acquiring other small companies.

In Idaho, development officials cite instances in which companies that had been taking Idaho-grown crops to other states for processing became convinced they should have such value-adding efforts carried out in Idaho.

Ira Kaplow, executive director of the Idaho Falls Chamber of Commerce, describes how Anheuser-Busch was persuaded to discontinue shipping Idaho barley out of the state to make malt for beer, and to build a malting plant closer to where the barley grows.

Kaplow worked with the city, the county, and the local technical college to provide the brewing company with a package of information on zoning, utilities, transportation, and demographics, as well as the basic access to barley. Cheap electricity was no problem, they pointed out, since the city has four of its own hydroelectric plants.

The city arranged to annex the company's choice of a site and negotiated an economic-development block grant of $500,000. "We showed them what a good match we were for them," says Kaplow, "and we made sure we got specific answers to all their questions fast." The $60 million plant employs 50 and makes malt for shipment to California breweries.

James V. Hawkins, director of the Idaho Department of Commerce, says: "Our philosophy is that economic development must be managed. We develop public-private partnerships. We give technical assistance to help local communities do what they want to do. And we cooperate in regional approaches."

An example of Idaho's public-private partnerships is the revival of Lava Hot Springs, a town of 450 residents in a mountainous agricultural area whose mineral baths and pools are its main tourist attractions. "Our infrastructure was falling apart, and it was affecting the tourist business," says Lynn Stewart, local operations manager for Utah Power, the area's electric utility. "We needed roads, curbing, gutters, and storm drainage. So we formed a community group to see what we could do to help ourselves."

Stewart's group sought out a development specialist at Idaho State University. Together they studied the town's strengths and weaknesses, and they formulated a recovery plan. With that they earned state certification as a "Gem Community" and a $10,000 grant to start improving Lava Hot Springs.

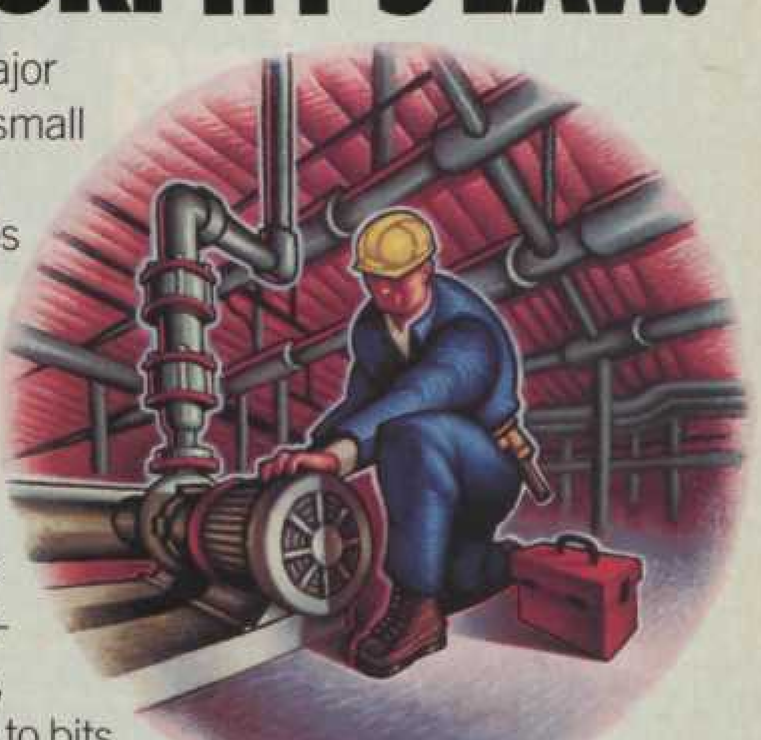
They also got cooperation and matching funds from the city, the county, the Federal Highway Administration, and the Southeast Idaho Council of Governments.

"We rebuilt our whole Main Street," says Stewart. "All told, we spent about $1.5 million, and we funded the whole thing without a tax increase."

Stewart's role in Lava is matched by

THE BEST DEFENSE AGAINST MURPHY'S LAW.

If it can go wrong, it will. From a major piece of equipment to something small that still manages to foul up the works. That's when Grainger rushes to your defense.



THE RIGHT STUFF.

We stock over 41,000 essential items for your business, plant or job. Ladders to light-bulbs, buckets to bits.

RIGHT HERE.

Grainger's as close as your phone. Day or night. One of our 325+ branches is probably just a few minutes away.

RIGHT NOW.

By the time you get here, we'll have your order ready. Or we can ship or deliver if you want. We strive to get your order in your hands the fastest and easiest way. And that's Grainger's Law. *For a free catalog, call: 1-800-473-3473.*

GRAINGER®

The Right Stuff. Right Here. Right Now.

that of Bill Specht, who heads the economic council for the city of Buhl, in the high desert country above the Snake River Canyon. Specht is the district manager for Idaho Power, and it's largely because of his efforts that if you live in the western third of the United States, your B&M Brick Oven Baked Beans now come from Idaho rather than from Maine.

Buhl's economy is based primarily on agriculture, which depends on deep wells and irrigation. Buhl has 3,600 residents, it is home to a Green Giant sweet-corn plant, and it has a strong trout-farming industry. But in the mid-1980s, there were empty stores on Main Street, and the unemployment rate had climbed to 12 percent.

Buhl applied to the state for training. "The training gave us enough knowledge to become creative in improving conditions here," says Specht. "More than 100 people volunteered to work with us." Buhl attracted a second doctor and recruited a dentist, he says, "and it got a new bakery started when the old one closed. When we proposed a bond issue, the vote was 75 percent in favor."

State commerce director Hawkins found that beans grown in Idaho were going east for packing. "All the value was added there," he says. "So we put together an analysis and presented it to the [bean] company, showing we had the cans, we had the labels, we had the sugar—and we wanted to add the value to the beans."

PHOTO: T. MICHAEL KEZA

Working together *in Buhl, Idaho: Craig Ollinger, left, manager of a B & M baked-beans plant, and Idaho Power manager Bill Specht, head of Buhl's economic council.*

To bring in the baked-beans plant, the town of Buhl had to get state help for road work, a new well, and upgraded sewers. The state came up with a block grant, and B&M's parent corporation, Pet, Inc., supplied the rest. The committee arranged for a college in Twin Falls to give on-site employee training. The group prepared detailed cost figures for Pet, Inc., and submitted an economic-benefits report to the state.

State officials now point to the B&M plant in Buhl—and its 40 new jobs—as evidence that a state can develop industries that add value to its products. NB

Harry Bacas is a free-lance writer in Arlington, Va.

RETAILING

To Catch A Shoplifter

You may be able to spot a shoplifter—and stop a theft—by looking for these tip-offs.

By Joe Dacy II

ILLUSTRATIONS: CHARLOTTE MURRAY FRENEAUX

Every shoplifter in Hillsboro, Texas, knew about the Brown brothers, Kenneth and Philip, who managed a chain grocery store and patrolled it with avenging zeal. The brothers used to "prosecute any and all shoplifters," says the burly, 30-year-old Kenneth, and they still do.

The Browns took that tough policy to the separate stores they now manage for the same grocery chain. "We aren't shy about it," says Kenneth. "If you aren't catching a lot of shoplifters, the word will get out that you are an easy mark."

Retailers have good reason to be concerned about shoplifting. Various crime-prevention and retailing organizations have estimated that shoplifters cost American business as much as $26 billion a year in stolen merchandise.

The Browns seem to have a special talent for apprehending shoplifters. They averaged three or four a week at the Hillsboro grocery store. They don't discriminate; they have nabbed everyone from street kids to a former city official.

Texas law treats theft of merchandise worth less than $750 as a misdemeanor; stealing more than $750 is a felony.

How do the Browns do it? "Guilty knowledge" is a trait that all shoplifters have in common, says Kenneth. Unlike ordinary customers, shoplifters know they are thieves. That knowledge drives them to think and act differently from honest shoppers.

Joe Dacy II of Burleson, Texas, is a former Hillsboro police officer and writes free-lance articles on security matters.

In turn, alert store employees who know what to look for can often spot a shoplifter.

Here are various behavior traits and other clues that law-enforcement officials say can be tip-offs to shoplifting:

Nervous Behavior. Shoplifters are constantly on guard. They glance about nervously and look over their shoulders. Unlike most people, they are very aware of who may be watching them. Their attention is focused away from themselves rather than on merchandise immediately at hand.

Avoiding Others. Shoplifters tend to shun store personnel and other shoppers. Privacy means less scrutiny. They tend to move in low-traffic areas and prefer to "shop" when few other people are in the store.

Taking Offense. Since shoplifters fear scrutiny, they are sensitive to the attention of sales personnel. When you try to help them, they may become irritated or act rudely. They may even display annoyance if you stand in the same aisle. Legitimate shoppers, on the other hand, don't object to attentive service.

Aimlessness. Shoplifters typically seem indecisive. Lacking a real shopping list, they often wander through the store, lingering here and there, stopping only to handle merchandise. They fold and drop things and may seem clumsy and overly interested in the items they handle. They are looking for the right time to conceal the merchandise.

Bulky Baggage. To help them steal from you, shoplifters often use items such as large purses, umbrellas, newspapers, and packages. The packages are known as "boosters boxes," which may even be gift-wrapped. Other tricks include the use of fake casts and slings, wheelchairs, and baby strollers.

Concealment Techniques. A common shoplifting tactic is to wear loose-fitting or oversized apparel, which may seem out of place or out of season. Baggy clothing helps shoplifters conceal stolen clothing underneath their own. Female shoplifters have been known to leave a store with merchandise tucked under their skirts. Hairdos, bras, girdles, and devices that make a woman look pregnant are also used to hide loot.

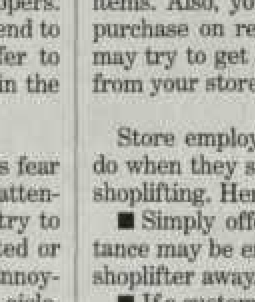
Ploys. Shoplifters sometimes work in teams. Together they fabricate distractions and diversions. They may fake an argument with store personnel or among themselves. One may monopolize an employee's time with pointless questions. Another may topple a display stand or stage a phony medical emergency.

Cash Register Flimflams. Pay attention to price tags. Shoplifters sometimes switch them from low-cost to high-cost items. Also, you should require proof of purchase on returned items. Shoplifters may try to get a refund on an item lifted from your store.

Store employees should know what to do when they spot someone suspected of shoplifting. Here are guidelines:

- Simply offering the customer assistance may be enough to scare a would-be shoplifter away.
- If a customer who you are certain has lifted an item appears at a cash register to pay for other items, ask politely if he or she has forgotten to pay for the merchandise in question.
- Call the police immediately when you are sure that someone is shoplifting. Although attempting to detain a suspected shoplifter is lawful in most states, it can be dangerous.

Authorities recommend that you check with your local and state law-enforcement agencies to determine what the laws in your area say about challenging or apprehending suspected shoplifters.



Though they can be most clever, shoplifters often give themselves away. Like the Brown brothers, you simply have to know what to look for. NB

A Voice You Can Trust.

Americans trust Paul Harvey. They've made him the most listened-to newsman in the world.

Ask them why they listen to **Paul Harvey News & Commentary** every day, and certain key words will keep popping up: Credibility. Honesty. Integrity. Consistency. Balance. They know they can depend on Paul Harvey to keep them up-to-the-minute on news stories from Bangkok, Thailand to Bakersfield, California.

It's good to know that long after this week's fads and next week's fashions have become history, one thing remains as constant as the North Star: **Paul Harvey News & Commentary.**

Paul Harvey News & Commentary: for 20 years a total sell-out. There's a waiting list for sponsorship. You and your product should be on it. The number to call is 212-456-5755.

PAUL HARVEY NEWS & COMMENTARY

MORNING NEWS (M-F); **MIDDAY NEWS** (M-F);
"THE REST OF THE STORY" (M-F AND SAT.); **MIDDAY NEWS** (SAT.)

ABC RADIO NETWORKS

Total US data based on Radar 45 Spring 1992, persons 12+, audiences to commercials within programs. ABC Radio Network estimates.

Nation's Business

Take Charge of Your Business and Boost Your Sales and Profits

Help Your Employees Give the Service That Creates Satisfied Customers *Every* Time

THE POWER OF CUSTOMER SERVICE

Let famed Customer Service expert, Dr. Paul Timm, give you the inside track on the do's and don'ts of dealing with customer service (skills that benefit the customer *and* the employee!). This "how-to-do-it" program details:

- The three C's of customer service success—Concern, Communication, and Competence.
- Why customers become dissatisfied and how you can turn them around.
- How to deal with customers courteously and successfully even when you're under pressure.

This program can be the key to building successful, repeat business. Improve the power of *your* customer service!

VHS only. Running time 45 minutes. Includes companion audiocassette and workbook.

$95.00 plus $6.00 shipping/handling

Identify and Correct The Career-Threatening Mistakes You May Not Realize You're Making

THE 22 BIGGEST MISTAKES MANAGERS MAKE AND HOW TO CORRECT THEM

Learn from the mistakes of other managers! Listen to dramatic real-life scenarios that let you hear what was said or done...along with how to avoid these costly blunders that hurt careers and impede profits. These acclaimed audiotapes show you how to inspire maximum effort and loyalty from everyone reporting to you...avoid getting bogged down in detail...defuse anger and win people to your side. Fine tune your management skills!

4 audiocassettes and guidebook.

$59.95 plus $6.00 shipping/handling

Proven Techniques For Getting Results Through Others

HOW TO SUPERVISE PEOPLE

Build leadership skills—including team building, delegation, and coping with conflict—that will make you the supervisor you need to be. This unique course is based on the bestselling book, *The Supervisor's Handbook*.

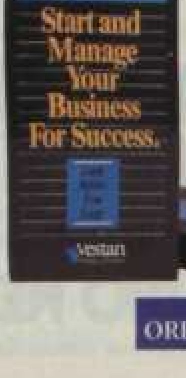
VHS only. Running time 42 minutes. Includes companion audiocassette and Supervisor's Handbook.

$95.00 plus $6.00 shipping/handling

Eliminate Start-Up Risks and Achieve Your Goals and Desires

HOW TO START AND MANAGE YOUR BUSINESS FOR SUCCESS

Build a winning business plan and obtain the cash you need. Discover the management information you need to succeed. Build a solid foundation by learning advantages and disadvantages of such critical functions as working capital, debt to equity, and other helpful ratios.



VHS only. Running time 77 minutes. Includes 8-page guidebook.

$49.95 plus $4.00 shipping/handling

An Achiever's Guide to Time Management

HOW TO GET THINGS DONE

A fresh look at eliminating procrastination, coping with meetings and calls, learning how to say NO, setting meaningful goals, delegating without worrying, and gaining control of your life—at work and at home.

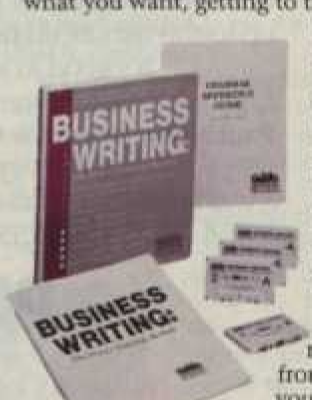
VHS only. Running time 48 minutes. Includes companion audiocassette and book.

$95.00 plus $6.00 shipping/handling

Become a Confident, Successful Communicator

BUSINESS WRITING: The Power Training Method

If you have trouble getting started, saying what you want, getting to the point, or generating the action you desire, you need this easy-to-follow system for business writing. Developed by experts to help you improve your letters, memos, and reports almost from the minute you start.



4 audiocassettes, 108-page workbook, 40-page Grammar Guide.

$79.95 plus $7.00 shipping/handling

ORDER NOW! CALL TOLL-FREE **1-800-253-6000**

POLL RESULTS

Readers' Views On Welfare Reform

Respondents strongly support the "new paternalism" approach to curbing dependency.

Entrepreneurs are strong supporters of the emerging welfare-reform policy known as "new paternalism," responses to a *Nation's Business* readers' poll indicate.

In that approach, welfare recipients lose benefits if they do not modify irresponsible conduct contributing to their dependency. As political scientist Lawrence Mead said in a recent article in this magazine on welfare reform: "There's more insistence on controlling the lives of [welfare] recipients than we've previously seen."

The article explained that the "new paternalism" evolved from taxpayer resentment over soaring costs that failed to deal with underlying causes of dependency.

About 30 states are implementing or considering welfare-reform proposals that emphasize the responsibility of recipients to break the cycle that has seen several generations of the same family dependent on public support.

The "new paternalism" approach is targeted at such problems as teenage pregnancy, refusal to acquire the education and training needed for employment, and fathers who refuse to accept responsibility for the care of their children.

The welfare-reform debate is now conducted in terms of how far and fast to go in implementing such reforms, rather than in how much welfare benefits should be raised.

The changing attitudes in government are particularly evident in New Jersey, where a Democratic legislator representing one of the poorest districts won passage of welfare-reform legislation setting goals of "family unity, education, responsibility, and opportunity" for those receiving public assistance.

In their responses to the Where I Stand poll on welfare reform, *Nation's Business* readers expressed overwhelming support—81 percent—for the view that welfare dependency is largely the result of recipients' voluntary but irresponsible behavior.

Only 10 percent said they think that dependency stems from uncontrollable circumstances in the lives of beneficiaries.

WELFARE REFORM

What do you think is the major cause of welfare dependency?	1. Uncontrollable circumstances	10%
	2. Irresponsible conduct	81%
	3. Undecided	9%
Should welfare recipients be required to work or train for work?	1. Yes	98%
	2. No	1%
	3. Undecided	1%
Should family benefits be cut when children break school attendance and behavior rules?	1. Yes	77%
	2. No	12%
	3. Undecided	11%
What should happen to a welfare mother's benefits when she has an additional child?	1. Increased	4%
	2. Decreased	28%
	3. Kept at the same level	56%
	4. Eliminated	12%
Should federal requirements for welfare benefits be tightened?	1. Yes	93%
	2. No	3%
	3. Undecided	4%

Putting welfare recipients *to work is the goal of current reform efforts.*

Respondents were nearly unanimous in backing work or training requirements as a condition of receiving benefits: 98 percent favor that approach.

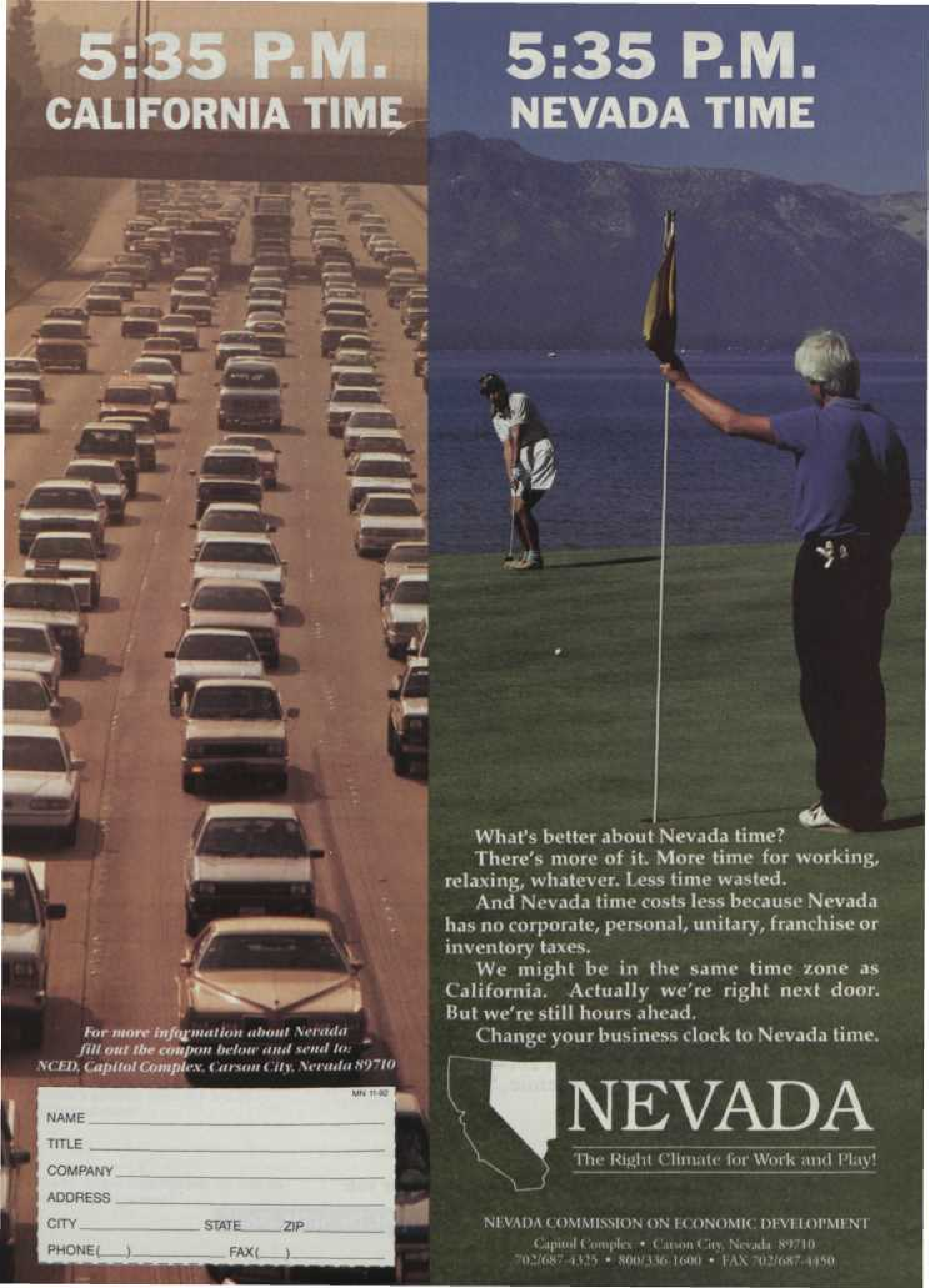
More than three-fourths of those participating in the poll approved the threat of reduced benefits to pressure families into controlling behavior of school-age children. Those respondents believe that a family's welfare benefits should be reduced if a child breaks rules on school attendance and conduct.

Only 4 percent of the survey participants said they support the current general practice under which benefits of a welfare mother are increased if she has an additional child.

Fifty-six percent thought benefits should be kept at the same level, 28 percent favored a reduction, and 12 percent backed the elimination of all benefits in such situations.

In Wisconsin, a demonstration welfare-reform project called The Parental and Family Responsibility Initiative allows a welfare mother who has an additional child only 50 percent of the extra welfare benefits to which she would ordinarily be entitled and denies any more benefits in the event that still another child is born.

There was also overwhelming support—93 percent—in the response to the poll on welfare reform for a general tightening in the rules determining eligibility for welfare benefits. This subject is expected to be addressed, along with specific proposals for welfare reform, when the new Congress reviews a broad range of social spending. NB



To Your Health

Managing well includes managing your own health; here is advice to help you do that better.

By Phyllis M. Barrier

Diabetes: It Never Lets Up

Nancy, a 23-year-old accountant, started losing those unwanted pounds without even trying. But she was constantly hungry, and thirsty, too, and she had to get up many times during the night to urinate. Finally, she went to her doctor. She was diagnosed with diabetes that would require two or more insulin injections every day for the rest of her life.

Nancy is one of approximately 14 million Americans with diabetes—including 7 million who haven't been diagnosed yet. Around 750,000 people will be diagnosed this year, and diabetes will cause 150,000 deaths.

Most Americans are related to or work with someone who has diabetes, but many of us don't understand the seriousness of diabetes as a disease. It is the fourth leading cause of death by disease in the U.S.; only heart disease, cancer, and lung diseases kill more people each year.

In addition to its own ill effects, diabetes often leads to serious complications: It is the leading cause of adult-onset blindness; one-third of all new cases of kidney failure are attributable to diabetes; and it is by far the most common cause of limb amputations other than accidents. There is no cure for diabetes; insulin just keeps a person like Nancy alive.

So what does it mean for Nancy's daily life that she has been diagnosed with diabetes? It means she will have to think about her disease time and time again, every day.

If she oversleeps, she can't skip breakfast in her rush to get to the office on time. She must take her insulin injections on a regular schedule. She can't deviate from that schedule even when she's at the beach on vacation. She needs to test her blood glucose level many times a day.

People with diabetes have to manage diet, medication, and self-care activities that enable them to stay on top of the disease and keep their blood glucose levels under control. But good blood-glucose control requires money as well as time and energy; diabetes is an expensive disease. People with diabetes need to see their health-care team (doctor, registered dietitian, ophthalmologist, podiatrist) more often than most other people, and they must buy medications and other diabetes supplies.

So what is diabetes? It all begins with insulin, a hormone that is produced by the beta cells of the pancreas, a gland located behind the stomach. The body requires insulin to absorb blood glucose into muscles, fat, and liver cells. Glucose, produced from the food you eat, is used by the cells for energy.

People with diabetes either don't make insulin or they produce insulin that the body does not use effectively. In either case, the lack of insulin leads to blood glucose's building up in the bloodstream instead of being used for energy. Because the body isn't getting glucose for energy, it signals hunger, a classic sign of diabetes. The kidneys work overtime to clear the glucose through the urine, hence the symptoms of excessive thirst and urination.

There are two major types of diabetes: insulin-dependent (also known as Type I), as in Nancy's case, and non-insulin-dependent (Type II). Type I and Type II diabetes were previously known as juvenile and adult-onset diabetes, respectively. Type II diabetes represents 90 to 95 percent of diabetes cases. The same symptoms signal the onset of both types of diabetes.

Type I diabetes strikes most often in childhood, almost always before the age of 40. The body loses its ability to make insulin; the immune system destroys the insulin-producing beta cells in the pancreas, just as if they were foreign cells.

Type II diabetes is common among adults, especially those who are overweight. The body continues to produce insulin but doesn't produce enough and doesn't use what it makes very effectively. Type II is usually first treated with diet changes and exercise. But most people with this form of diabetes will eventually have to take oral medication or insulin (which must be given by injection).

The major treatments for diabetes (regardless of the type) are diet, exercise, and medication. The diabetes meal plan is basically healthful eating, combining a limited consumption of fats and simple carbohydrates (sugar, honey, syrup) with adequate consumption of protein and complex carbohydrates (breads, vegetables, fruits).

There is considerable research under way to improve the treatment of diabetes and its complications, as well as to develop a cure or prevent it completely. We already know much about how diabetes starts; it's still a mystery as to why. NB

Phyllis M. Barrier is a registered dietitian and a certified diabetes educator.

PHOTO: ©ROBERT MAX PARKER—FOLIO, INC.

For diabetics, *staving off the disease's effects requires their adherence to a strict regimen.*

Do You Have Diabetes?

November is National Diabetes Month. The American Diabetes Association (ADA), a voluntary health organization supporting diabetes research and education, is trying to reach those people who may be at risk or may already have diabetes. The ADA has produced a simple diabetes risk-assessment test. To take the test, call the nearest ADA office; the number is in the white pages of your phone book. The ADA provides services in more than 800 communities nationwide. "Take the test and know the score," says Richard Kahn, ADA's chief scientific and medical officer. "The two minutes it takes to complete the test could be the most important two minutes you ever spend."

Direct Line

Experts answer our readers' questions about starting and running their businesses.

By Meg Whittemore

ANTI-DRUG DRIVE

Lessons On The Job

I own a small manufacturing company, and I would like some information on drug-use prevention in the workplace.
B.K.H., Bellingham, Wash.

A helpful guide is *How To Prevent Drug Abuse in the Workplace*, a free pamphlet published by the U.S. Chamber of Commerce. The pamphlet covers the scope of the drug-abuse problem in the U.S., tips on setting up a prevention program, legal concerns, and where to go for more information.

ILLUSTRATION: MARTHA [illegible]

Another U.S. Chamber publication, *Drug Abuse in the Workplace: An Employer's Guide for Prevention*, gives employers guidelines for implementing a workplace program to prevent drug abuse, contains a supervisor's checklist for reacting to workplace drug incidents, and has a special section on alcohol abuse. It is available for $20 for members ($33 for nonmembers) plus $2.95 for shipping.

To request either publication, write or call the U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000; (301) 468-5128.

The National Clearinghouse for Alcohol and Drug Information, in Rockville, Md., has data on substance abuse and resources for help in your state. For additional information, you can call 1-800-729-6686.

For help in developing a drug-free-workplace program, call the Drug-Free Workplace Helpline of the National Institute on Drug Abuse, also in Rockville, at 1-800-843-4971.

The National Association of State Alcohol and Drug Abuse Directors, in Washington, D.C., works with state substance-abuse agencies to provide technical assistance to business owners developing drug-prevention programs. Call (202) 783-6868 for more details.

CONSULTANT SERVICES

Family Advice

I am one of the owners of a family business, and I am looking for advice and assistance from a family-business consultant in Mississippi. Can you help?
J.L.S., Magee, Miss.

The Family Firm Institute publishes a membership directory of professionals who offer services to family businesses in the United States. For Mississippi, the institute lists Karen F. Quay as a family-business consultant with a company called Resources for Change, 704 Windward Road, Jackson, Miss. 39206; (601) 982-7302.

Quay comes from a family-business background and has 20 years of consulting experience in training and organizational development. She specializes in preparing companies for Total Quality Management and team building.

For more information about the Family Firm Institute and its member services, write or call the organization at 12 Harris St., Brookline, Mass. 02146; (617) 738-1591.

RECREATION

Mini-Tee Time

I am interested in starting a miniature golf course. Do you have any information that would help me?
M.A., Humboldt, Iowa
(Similar questions from S.C., Denton, Texas, and M.O.A., Bloomfield, Minn.)

The Miniature Golf Association of America publishes a quarterly newsletter, *Putting Around*, which covers how to get into this business.

The newsletter also lists companies that build courses, supply equipment, and offer insurance.

Tips on advertising, promotion, and maintenance of miniature golf courses are also included.

For more information, write or call the Miniature Golf Association at P.O. Box 32353, Jacksonville, Fla. 32237; (904) 781-4653.

The International Association of Amusement Parks & Attractions offers a free list of consultants who can help you plan, build, finance, and run a miniature golf course.

For more information, contact the association at 1448 Duke St., Alexandria, Va. 22314; (703) 836-4800.

RESOURCES

The Pen-And-Pencil Set

I run a business-gift company and would like information on how to locate sources of writing instruments in the United States.
D.B., Surrey, England

The Writing Instrument Manufacturers Association publishes an annual *Manufacturers Directory*, which lists the companies that produce pens, pencils, crayons, and related products.

More information about the association and its services and publications can be obtained from its headquarters at Two Greentree Centre, Suite 225, Marlton, N.J. 08053. The phone number is (609) 985-2878. You can fax your inquiry to (609) 985-3238.

RETAILING

Crafting A Start-Up

I want to start a crafts store. Can you point me in the right direction?
J.J.B., Wayzata, Minn.

The Association of Crafts and Creative Industries offers information—some of it free—on the craft-supply industry. Contact the association at P.O. Box 2188,

Zanesville, Ohio 43702; (614) 452-4541.

A useful paperback is *Start and Run a Profitable Craft Business*, by William G. Hyne. It is $12.95 at bookstores or from Self-Counsel Press, 1704 N. State St., Bellingham, Wash. 98225; 1-800-663-3007.

The annual *Craft Supply Dealers*, list-

ing manufacturers and distributors of crafts supplies, is $415 from American Business Directories, 5711 S. 86th Circle, P.O. Box 27347, Omaha, Neb. 68127; (402) 593-4600. Another source is the Art and Craft Materials Institute, 100 Boylston St., Suite 1050, Boston, Mass. 02116; (617) 426-6400.

FEDERAL CONTRACTS

Uncle Sam As Customer

I run a small manufacturing business, and I want to see if I can sell my products to the U.S. government. Are there some publications available that might provide me with some basic information on selling to the government?
C.W., Indianapolis

How to Sell to the Federal Government is a free pamphlet available from the U.S. Chamber of Commerce, 1615 H Street, N.W., Washington, D.C. 20062-2000; (301) 468-5128.

The U.S. Government Printing Office has issued a wide range of pamphlets and books on the subject, and it offers a free publications list, "Books About Selling to the U.S. Government." For a copy of the list or to order the books described below, contact the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402-9325; (202) 783-3238.

Doing Business with the Federal Government is a 48-page guide that covers how to market your product, where to get the forms and papers you need to bid on government contracts, and a list of the General Services Administration's 12 Business Service Centers, which provide advice and information about contract opportunities. The cost is $2.75; order No. 022-003-01162-5.

The *United States Government Purchasing and Sales Directory* is a 199-page book that offers advice to small businesses interested in selling to the federal government as well as buying surplus government property. The cost is $5.50; order No. 045-000-00226-8.

Commerce Business Daily is a daily report that lists the products and services wanted by the U.S. government, the name and address of the agency seeking them, the deadline for proposals or bids, a phone number to request specifications, and a solicitation number of the product or service needed. (The number is the government's classification code for internal use and must be noted on a firm's contract bids.) An annual subscription costs $261 for first-class postage, $208 for second-class postage; order No. 703-013-00000-7-7. The publication is also available in most public libraries.

HOW TO ASK

Have a business-related question? Mail or fax your typewritten query to Direct Line, *Nation's Business*, 1615 H Street, N.W., Washington, D.C. 20062-2000; (202) 463-3102. Writers will be identified only by initials and city. Questions may be edited for space. NB

For Your Tax File

How to keep taxes from trapping you.

By Albert B. Ellentuck

RECORDS

Reducing The Need To Keep Canceled Checks

PHOTO: MATTHEW McVAY—FOLIO, INC.

Bank statements *that contain certain details about checks now can serve as proof of payment for the IRS.*

New procedures recently issued by the Internal Revenue Service could make record keeping easier for individuals and many small businesses. Under the new rules, the IRS now will accept certain financial-account statements as proof that payments were made by taxpayers. Those who retain such statements with all the necessary information will no longer be required to keep their canceled checks or charge slips.

Generally, to obtain a deduction, a taxpayer must be able to prove that payment was made and that the payment was for something deductible. In most instances, the IRS has considered a canceled check as adequate proof of payment.

Because some banks no longer return canceled checks, however, the agency now will accept certain information on a bank statement as proof of payment. The statement must show the check number, the amount of the check, the date the bank posted the check to the account, and the name of the payee.

Most credit-card and electronic-fund-transfer statements already contain such information. A few banks also have started to put this data on their statements when they do not return canceled checks to customers. And virtually all banks keep microfilm or electronic records of canceled checks and thus can produce copies if necessary.

Taxpayers should note that even without such statements or without canceled checks, it still may be possible to prove payment.

The IRS may accept other payment evidence, such as the combination of an invoice marked "paid," a check register, carbon copies of the check, or a bank statement with the check number, date, and amount. However, a canceled check or a bank statement with the complete information is the best proof.

Once payment is proven, it still is necessary to establish the tax treatment of that payment. It is important to keep other documents such as receipts listing the items purchased to show the relationship between those expenses and the deductions claimed. For example, a payment to a drug store would not by itself support a medical deduction. The taxpayer would need to verify the purchase of prescriptions or other deductible items with a receipt.

Taxpayers should not throw away their old canceled checks too quickly, even if they receive statements that satisfy the new IRS procedures. On rare occasions, the agency may request copies of canceled checks for purposes other than proof of payment. The agency may need to review the endorsements, date stamps, or other data on the records in circumstances involving employment taxes, fraud, or money-laundering investigations.

If there are any transactions on which questions could be raised in the future, be sure to hold on to your canceled checks. If you have any questions about what to keep, ask your tax adviser.

Tax lawyer Albert B. Ellentuck is a partner in the Washington law firm of Colton and Boykin. Readers should see tax and legal advisers on specific cases.

DEDUCTIONS

Job-Placement Help Becomes More Deductible

Many companies that have been forced to lay off employees try to cushion the blow by providing job-placement assistance.

In the past, terminated employees who tried to treat the value of such assistance as a working-condition fringe benefit—and thus not taxable as income—would run into objections from the Internal Revenue Service. The IRS maintained that job-placement assistance was not a working-condition fringe benefit and that it had to be included in the employee's income. Although the employee could still deduct the value of the assistance as an ordinary and necessary business expense, it would be part of the miscellaneous itemized deductions that altogether are reduced by the "floor" of 2 percent of the employee's adjusted gross income.

Now, the IRS has relented. It has ruled that such job-placement assistance can qualify for the exclusion as a working-condition fringe benefit if the employer gets a substantial business benefit from the expenditures and if the payment would otherwise be allowable as a deduction to the employee.

The IRS says that a substantial business benefit would include promoting a positive corporate image, maintaining employee morale, fostering a positive work atmosphere, and helping attract quality employees. It would appear that one or more of these categories would cover most situations in which a small business is terminating an employee.

There's a caution, however: If an employee is permitted to receive cash or other taxable benefits in lieu of the job-placement assistance, this special tax treatment would not apply to the job-placement assistance if the cash or other benefits are not chosen.

Note that in prior years, many employers advised employees to treat these benefits as taxable and may have withheld taxes on such amounts. Employees who believe they qualify under the new rules should consider seeking refunds.

It's Your Money

A monthly survey of strategies and suggestions to help you with your personal finances.

By Peter Weaver

TRAVEL

Now Hear This: Discounts At Sea

PHOTO: BEVERETT C. JOHNSON—FOLIO, INC.

That dream cruise *to paradise may be more affordable now*

More new cruise ships are coming on line, and this means more competition in an industry that already has more staterooms than it can fill in this recession-plagued economy.

For some time, you have been able to snag deep discounts on cruises if you waited until the last minute to book a cabin. When faced with empty space, the companies would cut prices significantly.

You can still get such discounts close to departure dates, but now there are price breaks also for booking far in advance. Some companies are offering discounts of 10 to 40 percent off the list price for vacationers who are willing to pay for their space six months to a year ahead of departure.

"Some are guaranteeing that those who book earliest will not only get the best rate but the best cabin," says Robert Falcone, president of Cruises Inc., a national travel marketing company based in East Syracuse, N.Y. If the cruise line has to offer deep discounts at the last minute on cabins that were not booked, you will be charged the deep-discount price.

Not all companies will do this. Some offer rebates, and others offer upgrades to better cabins. Some don't guarantee anything. A travel agent who specializes in cruises can tell you exactly which companies offer the best discounts and what you have to do to get them.

Also, a cruise expert can match your age, station in life, personality, likes, and dislikes to the right ship and the right shipmates. If you want to just read and relax, you won't be put on a cruise that emphasizes dancing till dawn.

Are there any sleepers—any ships that may be overlooked as a good buy?

"I like some of the smaller ships, or older ships, that don't have all the fancy nightclubs and other such amenities," says Harold Berns, chairman of the American Society of Travel Agents' maritime committee. "These vessels are overlooked gems that can provide a wonderful vacation with outstanding personal service and fine meals at bargain prices."

You can pay from \$150 a day per person on up to \$600 per day per person for a cruise in 1993. The lower end gives you a package that includes air fare to and from the city of embarkation, a cabin, meals, and entertainment. The high-end prices include "boutique" cruises that use small yacht-like vessels with super cabins (saunas, huge beds), gourmet meals, and visits to offbeat ports of call. ■

INVESTING

The Time Is Right For Intermediate-Term Bonds

With short-term certificates of deposit, money-market funds, and U.S. Treasury bills paying a miserly 3 percent or so, what's a conservative investor to do?

"Take a look at intermediate-bond funds," says Ian MacKinnon, senior vice president for fixed income at the Vanguard Group of mutual funds, in Valley Forge, Pa.

While short-term money-market investments are paying 3 percent, intermediate-term bonds (with maturities of four to six years) are paying double that.

But you say that when you buy longer-term securities, you face the risk of having their price drop if interest rates on short-term securities start rising again.

"Don't worry too much," MacKinnon says. "You're getting a significantly higher return, which should more than make up for the additional risk."

In other words, you need to bear in mind the cost of keeping your money in short-term CDs and money-market securities.

"People are paying a big price for liquidity [short-term investments] these days," says Michael Roberts, a vice president of Prudential Securities in Bethesda, Md., "because they're tying their money up in something that's hardly keeping up with inflation." Even if interest rates go up, he maintains, "you'll still come out ahead with intermediate-bond funds because you're earning a lot more than you were getting."

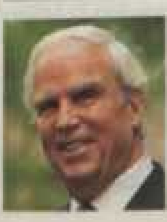
The trouble is, not all intermediate-bond funds are the same. Some have lower costs and, therefore, give you more for your money. MacKinnon says you should look for the bond fund's "expense ratio," which is expressed as a percentage and is "spelled out in the first two pages of the prospectus." A really good figure is 0.3 percent; 0.5, percent is good; and the average is 0.8 percent.

An intermediate fund should have a maturity "duration" average of four to five years, with some bonds maturing in more than five years, some in less.

Take note of the quality of the bonds in the portfolio, MacKinnon says. "If the fund's payout is a good deal more" than the others pay, he says, "the management may be reaching into lower-grade, riskier bonds."

Funds don't always spell out exactly which bonds they have in their portfolios, but you can get a tip on what's going on by reading the "investment strategy" section of the prospectus. It may say that the fund is restricted to investments in A-rated or better bonds, and that's a good sign.

Of course, if the portfolio is primarily made up of intermediate government bonds, there's no quality problem. Corporate bonds tend to pay a little higher rate, Roberts says, "so you might want to have a mixture of the two." ■



Peter Weaver is a Washington-based columnist on personal finance.

INSURANCE

A "Dear Policyholder" Notice That Could Prove Costly

It's like getting a "Dear Taxpayer" letter from the Internal Revenue Service: Your heart beats a little faster. Your blood pressure goes up.

But this time the ominous letter says, "Dear Policyholder," and it goes on to tell you that your life-insurance premiums are going up.

Back in the 1980s, a number of people bought life-insurance policies that had high projected cash values based on interest-rate projections of 12.5 percent or higher every year.

The insurance companies invested the policyholders' premiums, and the high returns led to a rapid buildup in cash value.

Part of that cash value could then be applied to the premiums, reducing them or even eliminating them after a few years.

For the past year or so, however, since interest rates have plummeted to 4 percent or less, many insurance policies haven't yielded enough cash to subsidize premium payments.

According to David Akers, an agent with Manufacturers Life Insurance Co. in the Washington, D.C., area, "People bought policies based on assumptions that rates would remain high, and now that they have dropped so low, policyholders have to pay up."

Robert Hunter, executive director of the National Insurance Consumer Organization, advises that those who have such insurance "check it out right now" and not wait to hear from the company about a change in the premium.

Ask your agent or your policyholder-services representative at your insurance company to mail you a situation report on your cash value and the projections based on current interest rates.

If it appears that you face higher payments or have to pay current premiums for a longer period than you bargained for, consider the options. "You can pay the higher premiums," Akers says, "or reduce the face value of your policy to keep costs down."

Some insurance companies may even let you convert to term insurance, which costs less for the same face value because it does not involve a cash-value buildup. (Remember, however, that term-insurance premiums automatically increase over the years.)

Your choice depends a lot on your age and stage in life. If you're supporting a growing family, you may want to convert to term insurance to maintain the current death-benefit level while reducing premium costs.

If you are an older empty-nester, you may want to keep your present type of policy but save money by reducing the death-benefit level. ■

TELEPHONES

First It Was 900 Pay Calls; Now It's "800-Like" Numbers

In the October 1991 *Nation's Business*, we reported that unsuspecting callers, usually teenagers, were ringing up huge long-distance phone bills by unwittingly dialing pay-for-call 900 numbers. Parents were shocked when they got monthly statements listing hundreds of dollars worth of 900-number calls.

The kids were drilled to shun 900 numbers because they cost money but were told that 800 numbers were OK—they're toll-free.

Well, parents are being shocked again. This time, though, the culprits are companies enticing teenagers to call in for emotionally charged telephone messages through what appear to be toll-free 800 numbers but in fact are area codes that begin with the number 8.

According to an advisory from the National Consumers League/Reference Point Foundation: "With most consumers now aware of problems created by abusive 900 . . . numbers, phone swindlers are coming up with new ways to trick people into making costly and worthless calls."

The advisory report tells of teenagers who thought they were calling a toll-free "800 number" to get tips on dating. What they got instead was an 809 number that connected them to a long-distance, pay-for-call outfit based in the Dominican Republic. Once connected to the 809 number, the callers were instructed to punch the numbers in ways that started the meter running, just as if they had dialed a 900 number.

"One young woman," according to the report, "rang up $511 in charges in a three-day period."

But teenagers are not the only victims. The Federal Trade Commission (FTC) says a company promising adult callers credit cards and loans urged them to use an "800 number" to get information. The toll-free number turned out to be an 803 area code used by a telemarketing shop outside Hilton Head, S.C. Callers not only failed to get loans or credit cards but also had to pay hefty long-distance charges for their inquiries. ■

MORTGAGES

PHOTO: [illegible]

Homeowners *eager to refinance have been flocking to lending institutions.*

Should You Go For A Lower Rate Or Try To Avoid Paying Points?

The lowest interest rates in decades have produced yet another round of refinancing applications from homeowners seeking lower monthly payments.

In an attempt to get a bigger share of this business, some lenders are offering deals that require no points at settlement. A point equals 1 percent of the overall mortgage. One point on a $100,000 mortgage would equal $1,000, three points would be $3,000, and so on.

One point is the equivalent of one-eighth of 1 percent added to your interest rate on a 30-year loan. Lenders use points to raise the mortgage yield without raising interest rates.

It would appear that having no points to pay would be a good deal. But is it? "Not if you plan to keep your home for more than five years or so," says Peter Miller, author of *The Common Sense Mortgage* (HarperCollins). On the other hand, Miller says, if you're going to stay put for only three or four years, you'll probably be better off having no points and a higher interest rate. That's because points, once paid, are gone; but if you're planning to move, you won't pay that higher interest rate very long. A higher interest rate with no points can thus mean a lower total cost over the short term.

And there's a tax situation to consider. "Points are not deductible in the year [they are] paid for refinancing," Miller says. Rather, "they are deductible over the life of the mortgage," he says, adding that it's "a very small deduction every year."

If you sell the home before the mortgage is paid off, any remaining point cost is immediately deductible. ■

Nation's Business

Nearly 20% SAVINGS On Special Reprint Packages

Reprints Help You Control Your Company, Benefits, Sales, and Profits!

NEW REPRINTS

LEASING WORKERS #8919
How to avoid the pitfalls associated with leasing your work force. (Page 20)

WHEN "JUST IN TIME" JUST ISN'T ENOUGH #8920
Firms with quality programs can open new opportunities for their suppliers. (Page 30)

A HIRING BONANZA: LAID-OFF MANAGERS #8921
Your firm can acquire former corporate talent at bargain prices, but there can be risks. (Page 44)

HOW TO BUY HEALTH INSURANCE #8916
A survival guide for one of the costliest decisions you will ever make for your firm. (October, Page 16)

SPECIAL REPRINT PACKAGES

Six Reprints For The Price Of Five!

TOTAL QUALITY MANAGEMENT STRATEGIES (#8910) ($9.95)
- Small Firms Put Quality First (#8888)
- Turn Your Workers Into A Team (#8896)
- How To Succeed By Really Trying (8902)
- Doing Well What Comes Naturally (#8904)
- The Quest For Quality (#8837)
- Ideas That Pay Off (#8909)

SUCCESSFUL SALES & MARKETING (#8911) ($9.95)
- Marketing To Ethnic Groups (#8908)
- Selling On A Shoestring (#8769)
- Shape Up Your Firm's Image (#8754)
- Extend Your Reach By Catalog Sales(#8882)
- PR On A Shoestring (#8816)
- Looking Good, Selling Better (#8794)

COMPLYING WITH THE AMERICANS WITH DISABILITIES ACT (#8912) ($9.95)
- What You Must Do For The Disabled (#8893)
- Disability Rules Target Job Bias (#8891)
- Achieving Access For The Disabled (#8838)
- Topics To Avoid With Applicants (#8898)
- Rules On Medical Tests For New Hires (#8854)
- Planning For The Disabled (#8907)

FAMILY BUSINESS PLANNING (#8913) ($9.95)
- If Family Members Ask For A Job (#8886)
- 10 Keys For Success In Family Business (#8830)
- Marrying Into The Family Business (#8746)
- Making Your Family Business Outlast You (#8722)
- Fair Pay In Family Firms (#8765)
- Bringing The Kids Into Your Business (#8700)

MANAGING SMALL-BUSINESS BENEFIT PLANS (#8914) ($9.95)
- Switching To Flexible Benefits (#8841)
- 10 Ways To Cut Health Care Costs (#8810)
- Fighting The High Cost Of Workers' Comp (#8783)
- The Threat To Pension Plans (#8824)
- Curbing The High Cost Of Health Care (#8758)
- Workers' Comp Costs: Out Of Control (#8895)

SMART EMPLOYEE MANAGEMENT (#8915) ($9.95)
- Boosting Your Workers' Basic Skills (#8875)
- Checking References (#8813)
- When A Key Manager Leaves (#8817)
- Winning With Diversity (#8903)
- Criticism Without The Sting (#8863)
- See You In Court (#8755)

NOTE: Individual reprints may be selected from Special Reprint Packages at the single reprint rates listed on the order form. Individual reprints are in black and white only. Color reprints may be special-ordered.

Nation's Business Order Form

Send to: Reprint Manager, 1615 H St., NW, Wash. D.C. 20062-2000

TO ORDER, CALL 1-202-463-5877
OR FAX 1-202-463-5636

Method of Payment
- ☐ Bill me ($9.95 Minimum)
- ☐ Check or money order enclosed
- ☐ Bill my credit card ($9.95 Minimum)
- ☐ VISA ☐ MasterCard ☐ American Express

Card # ____
Exp. Date ____
Signature ____
Name ____
Address ____
City ____
State ____ ZIP ____

QTY	REPRINT NAME AND NUMBER	UNIT PRICE	TOTAL PRICE
	SUBTOTAL		
	CA & D.C. SALES TAX		
	SHIPPING		FREE
	TOTAL		

REPRINT RATES

Single Reprint Rates

1 To 9 Copies	$1.99 ea.
10 To 29 Copies	$1.49 ea.
30 To 99 Copies	$1.19 ea.
100 To 999 Copies	$.99 ea.

Reprint Packages: $9.95

NB1192

Your Order Is 100% SATISFACTION GUARANTEED

Where I Stand


PHOTO: DEPARTMENT OF DEFENSE

On Defense Downsizing

Results of this poll will be provided to leaders of Congress and the administration as they consider how to deal with defense in the post-Cold War era.

Send the attached, postage-paid response card. Or circle your answers, fill out the coupon below right, and fax this page to (202) 463-5636.

Send your response today.

1. Should the federal government help finance retraining of defense-industry workers laid off as a result of cuts in military spending?

1. Yes
2. No
3. Undecided

2. Should payroll taxes be increased to pay for retraining?

1. Yes
2. No
3. Undecided

3. Should the federal government directly assist defense-related firms in converting to nonmilitary work?

1. Yes
2. No
3. Undecided

4. Should the federal government invest defense-research dollars in military technology that also may have commercial applications?

1. Yes
2. No
3. Undecided

5. Should dollars cut from defense spending be used to expand nondefense federal programs, to reduce the deficit, or to cut taxes?

1. Expand nondefense programs
2. Reduce the deficit
3. Cut taxes

Fill out this coupon if you fax your response.

Name ____________________

Title ____________________

Company ____________________

Address ____________________

City ____________________

State ____________ ZIP ____________

Please check here if your firm can receive satellite TV seminars. ______

ENTREPRENEURIAL/FRANCHISE OPPORTUNITIES

NOT JUST #1

BUT #1 FOR FIVE YEARS

There is only one thing better than being number one and that's staying number one. Since 1987, Jani-King has been the top commercial cleaning franchisor, according to *Entrepreneur* magazine's Annual Franchise 500, and continues to flourish in this fast-paced market.

In addition to *Entrepreneur*, Jani-King has been recognized by others as leaders in the franchising world. Success named Jani-King number seven in their 1991 "Gold 100" ranking and *Money* magazine rates Jani-King as one of the "10 top for the '90's".

Although you can start a Jani-King franchise for as little as $6,500, you are not limited to owning a small business. Our unique program customizes your franchise to suit you - meaning you can be as big as you want! Whether you want to start part-time or full-time, the time has never been better to invest in your future with a Jani-King franchise.

CALL NOW! Jani King

(800) 552-5264

Circle No. 8 on Reader Service Card

Foreign Body Language

Doing business abroad—successfully—requires you to negotiate strategies while observing the proper commercial and cultural etiquette of the country.

The new Europe and Asia/Pacific Business Travel Organizers give you a crash course in Foreign Body Language and show you how to avoid business and social "faux pas".

Published by Austin House and six-hole punched to fit standard 3 3/4'' x 6 3/4'' loose-leaf page organizers, the 600 page Europe and 475 page Asia/Pacific are packed with essential information for the business traveler.

Just $US 35.00 + $2.00 shipping each. For a leather storage binder to hold those countries not on your present itinerary add $US 15.00 + $1.00 shipping each. Visa and MasterCard. Prepaid only.

Fax or Call
1-800-268-5157
Austin House Inc. U.S.A.
Box 117, Stn. "B" Buffalo, N.Y. 14207

Circle No. 7 on Reader Service Card

Personalized Children's Books

Make Money with Your Computer • Print Books at Home or on Location in Just two Minutes • Customize Invitations, Stationery and Announcements • Personalized Audio Cassettes and Holiday Letters Available

LIFETIME LICENSE • DEALERSHIPS $995.00

Exclusive Barbie™ and Me

Best Personalized Books
444 Best Personalized Plaza
4350 Sigma Drive
Dallas, TX 75244

Free Kit: (214) 385-3800

Barbie™ and associated trademarks are owned by and used under an exclusive license from Mattel, Inc.

The Marketing Guide to Business Success. Reveals all the tactics- how to identify major profit opportunities, develop a strategic marketing plan, create winning advertising and reach your target audience.

By: Robert I. Woods, Sr.; Ad Agency President, over 30 years from Madison Avenue to the board rooms of multinational companies.

600 Page Volume Reveals All!

Advertising & Marketing Survival Skills

Gives a clear perspective on profitability • Research• Information Systems • Buyer Behavior • Product Strategy • Marketing Mix • Media Planning• Distribution • Promotional Strategies • Creative Selling • Advertising & Publicity • Direct Mail • Global Marketing • Graphics / Electronic Production • Print, Radio, Network & Cable TV. Plus reports on successful SMART business marketing programs.

Price: $79.95 Add $2.00 S&H | 1-800-886-8280 Fax order to: (813) 254-4808

Mail to: PrimeData Publishing
2401 W. Kennedy Blvd., Tampa, FL 33606

☐ Payment Enclosed ☐ MAIL C.O.D. ☐ Visa ☐ MasterCard ☐ Discover

Account # ______ Exp. ______
Signature ______ Company ______
Name ______ Title ______
Address ______
City ______ State ______ Zip ______
Telephone ______ NB-992

Earn $4,000 Per Month From Your Home With A Computer!

FREE CBSI 486 SX Computer

Begin part-time and still retain the security of your present position. This is a proven turnkey business an individual or couple can run. If you purchase our software and business program, we will give you the computer and printer. If you already own a computer, you may receive a discount. You do not need to own, or know how to run, a computer — we will provide free, home office training. Financing available.

Find out how other couples, and individuals like yourself, are building a lifetime income!

To receive your free cassettes and color literature, call toll-free:

1-800-343-8014, ext. 32

(in Indiana: 317-758-4415) *Or Write:*

Computer Business Services, Inc., CBSI Plaza, Ste. 32, Sheridan, Indiana 46069

Circle No. 35 on Reader Service Card

Circle No. 37 on Reader Service Card

Classified Ads

Classified Rates

And Information

To place a classified ad CALL TOLL FREE, 800-424-6746 (in Washington, DC call 463-5640) or write Nation's Business Classified, PO Box 1200, Washington, DC 20013. Closing date for advertising is five weeks preceding date of issue. Rates are based on frequency at a per line per insert cost as follows:

1x	3x	6x	12x	—frequency
\$56	\$50	\$43	\$30	—line rate

Ad minimums: solid set, 3 lines; display, 1 inch.

How To Reply
To Box Numbers

Box (number in ad), Nation;s Business Classified, PO Box 1200, Washington, DC 20013.

ADVISORY SERVICES

TRADEMARK SEARCHES, EXPEDITED REGISTRATIONS. Keep your good name! Intent-To-Use Applications. Brandname creation. TRADEMARKERS 301-229-7777.

AUTOMOTIVE

SEIZED CARS, trucks, boats, 4wheelers, motorhomes, by FBI, IRS, DEA. Available your area now. Call (800) 338-3388 Ext. C-1389.

BOOKS/PUBLICATIONS

CASH FROM YOUR CAMERA
Learn how it's done. For report send \$4.00 to WH Services, 49 Alafaya Woods Blvd., #207, Oviedo, FL 32765

BUILDINGS

STEEL BUILDINGS: From HERITAGE. America's largest metal building distributor. 5000 sizes available. Call today with your building size for the lowest prices in the country. 1-800-643-5555 or fax: 501-945-2255.

BUSINESS OPPORTUNITIES

LET THE GOVERNMENT FINANCE your small business. Grants/loans to \$500,000. Free recorded message: 707-449-8600. (HS2)

REAL ESTATE APPRAISER CAREERS. Home study. P.C.D.I., Atlanta, Georgia. FREE career literature.
800-362-7070 Dept. RM637

GO PUBLIC
Business owners, if your sales exceed \$30 million, we can show you how to go public through a new, innovative procedure that results in real financing power. Call J.R. Kneppi at 800-543-6620, or write: Joseph Walker & Sons, Inc., Drawer 88, Walker, WV 26180.

INCREASE SALES WITH 800 LINE AND CREDIT CARDS
Telemp 800 is the only 800 line Sales Response Service that answers 800 lines, sells products, stores/ships & then pays you via receipts from major credit cards. Monthly minimum only \$65.00. Write Sandie Olson, Telemp 800, P.O. Box 158, 7431 Baltimore Annapolis Blvd., Glen Burnie, MD 21060. Or call 800-638-2000. Our 20th year of successful selling for others. Canada: 800-678-4560.

BUSINESS OPPORTUNITIES

HOME IMPORT/EXPORT/MAIL ORDER BUSINESS.
Free Report. Inca Galleria, Dept. D111C,
Box 282, Woodland Hills, CA 91365. (818) 884-4414.

PROFITABLE BUSINESS FOR SALE BY OWNER. Owner financing, good terms. All areas except Northeast. Affiliated Business Consultants, Mike Dougan, 719-548-8888.

GOURMET COFFEE multi-level mktg. No start-up costs or inventory! Earn commissions to 8 levels. Free info, write: Falk, 1660 Gulf Blvd., #704, Clearwater, FL 34630.

DISTRIBUTORS NEEDED - HIGH PROFITS. Mini Satellite Antenna, Mkts for Homes, RV's, Businesses. Start at \$361. 913-599-8286.

HOME IMPORT MAIL ORDER BUSINESS. Start without capital. FREE REPORT. Mellinger, Dept. W155C, Woodland Hills, California 91367

BE YOUR OWN BOSS! 1001 fast, easy ways to make money! Free! Rush name, address. Money Making, Dept. NB, Box 7, Studio City, CA 91614.

1-900 OPPORTUNITY: Become part of the Billion dollar 900 industry now. Start your own FCC approved 900 program. Tele Media, Dept. 1400, PO Box 45, Stratford, NJ 08084.

EARN QUICK CASH: Buy Sell Government seized houses, autos, computers, boats, furniture, stereos, etc. Everything dirt cheap. Free Details: Seizures, Box 51488-BN, Ontario, CA 91761.

MAKE MONEY WITH FOREIGN INVESTORS. Top finder's fees paid. Dept. 1192NB1, THE GLOBAL EXCHANGE, 419 N. Newport Blvd., Ste. B, Newport Beach, CA 92663-4271. 714-722-9260.

#1 MONEY MAKER Spare Time! No selling! No inventory! Publicly documented seven week \$19,919 income! Free audio cassette and report reveal everything. Real Money, 911-NB Bryant Place, Ojai, CA 93023.

THE MARKETING OF THE FUTURE IS NETWORKING.
The product of the 90's is Health. Together these can mean financial freedom for you. For info with no obligation call: 1-800-828-4231. Fax: 1-602-285-9470.

MAILORDER OPPORTUNITY! Start profitable home business in America's fastest growing industry. Nationally known authority will teach you. Write for free book, sample catalog, plus details. No obligation. Mail Order Associates, Dept. 62, Montvale, NJ 07645.

BUSINESS SERVICES

PATENT ATTORNEY in Boulder, CO provides quality patent services for individuals & companies nationwide via mail at affordable fixed fees. Call John Flanagan: 303 449-0884 or fax 303-449-3532 for free info. about services.

VISA/MC Credit card processing equipment & services. ATM Debit Card systems, check guaranteed programs. For new or existing businesses, Home-based businesses. Call Merchant Information Systems: 914-969-0521.

EASY PREP of W-2, 1099 MSCL & R forms. Lotus 5 1/4 disk, 1-50 forms, reusuable. Accumulates total, includes state/local taxes. \$22.95 + \$1.25 s&h, TX add \$1.89 tax. Jerry Knutsen, CPA, 3601 Woodcrest, Temple, TX 76502.

KRAMER, COLE AND YOUNG
Nationwide Commercial Collections. No Recovery, No Fee. Members BBB. References Furnished Upon Request. 1(800) 743-2111—Fax (813) 743-7047

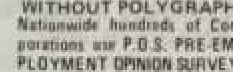
BUSINESS SERVICES

CUT PAYROLL TAXES!
Cost Containment. Use self-administered B.A.S.I.C. FLEX No employer contributions. Free info: 800-444-1922.

DELAWARE INCORPORATIONS
\$115 COMPLETE
Form a corporation in just 10 minutes on the telephone.
CORPORATE AGENTS, INC.
(800) 877-4224

FREE Manual & Software Offer
YOUR COMPUTER WRITES PROGRAMS FOR YOU
Save \$100's create the programs you want. QUIKPRO+3 software program actually writes other custom programs for you in minutes. Easy. No program experience is required. You design what you want on your screen. Many uses. Send Now!
ICR FutureSoft, P. O. Box 1446-A, Orange Park, FL 32067

before you hire
CROSS OUT THE CROOKS*



WITHOUT POLYGRAPH
Nationwide hundreds of Corporations use P.O.S. PRE-EMPLOYMENT OPINION SURVEY
(a one page questionnaire)
- PROVEN VALID
- LEGAL IN ALL STATES
- EASY TO UTILIZE
- COST VERY LITTLE

For complete information write or phone (Toll Free)
P.O.S. Corporation
P.O. Box 48232 • Chicago, IL 60648
1-800 — 621-4008

CARPET

CARPET—Save up to 50% & more on major brands. We also manufacture our own beautiful styles. For information & samples, call 1-800-848-7747. Dalton, Georgia.

TREMENDOUS SAVINGS ON MAJOR BRANDS OF CARPET
From the Carpet Capital of the World
FEATURING CARPETS OF ANSO CRUSHRESISTER
The Carpet That Bounces Back
Call or write for brochure and samples. BECKLER'S CARPET OUTLET, INC., P.O. Box 9, Dalton, GA 30720. Call 800-232-5537 (Established 1949. Buy direct from mill outlet and save!

Buy Direct, Save 40 to 50%
Barrett's "CARPET MILL STORE"
(A MILL OWNED OUTLET)
BIG SAVINGS — All qualities business and home carpets. All major fibers including Dupont Stainmaster(DM), Allied Anso V Worry Free(R), Monsanto Wear Dated StainBlocker(R). Call, visit, or write requirements, with \$10 for samples (refundable upon return or purchase.) I-75, exit 135, (3004 Parquet Rd.) P.O. Box 2045, Dalton, GA 30722. Ph: 1-800-241-4064, ext. 79, GA: 1-800-447-2114.

5-HOUR VIDEO **"ENSURE YOUR BUSINESS SURVIVES"**
No-nonsense information from a business survival specialist !

TOPICS
The Corporation - Preparing For Failure - Investing Safely - Officer Responsibility - Personal Guarantees - Getting Help (Accountants, Lawyers - Consultants) - Early Warning Signals - Knowing The Score - Unsecured Creditors - Collection Agencies - Collection Attorneys - Debt Compromise - Taxing Authorities - Secured Creditors - Bankruptcy - Starting Over - Mergers

THINKING ABOUT BANKRUPTCY? DON'T DO IT BEFORE VIEWING THIS VIDEO
TO ORDER CALL 1-800-468-6631 COST \$349 MC/VISA/AMEXP

CARPET

CARPET-VINYL-HARDWOOD. BUY DIRECT & SAVE 50-70%. All Major Brands. Select brand, style, color. 1-800-548-5815. Free samples. TC Distributor, Dalton, GA.

COMPUTERS/ACCESSORIES/SOFTWARE

NEW! UNIVERSAL MEMBERSHIP MANAGEMENT SYSTEM FOR PC. Membership, letters, planning, attendance, billing, contributions—Clubs, Organizations, Churches 1-800-945-1266/903-878-2224.

EDUCATION

FINISH BA/MS/MBA/PhD/JD by corr. CityUnivLA, 3960 Wilshire Blvd., LA, CA 90010. Degree Prog. for orgs./co's. 60 sem. hrs. reqd. 800-262-8388/213-382-3801.

FREE VIDEO External BA/BS, MS/MBA, PhD/LAW - Accredited, Financial Aid. 800-759-0005, ext 615. LASALLE UNIVERSITY Mandeville, LA 70470-4000.

PARALEGAL GRADED CURRICULUM. Approved home study. Most affordable & comprehensive. 100 years of legal training. FREE CATALOG. 1-800-826-9228. BLACKSTONE SCHOOL OF LAW, P.O. Box 871449, Dept. NB, Dallas, TX 75287.

BACHELORS, MASTERS, DOCTORAL DEGREES
Non-residential programs. Send resume, mention Academic Field, and we'll tell you the credits you've already earned from work experience. No Obligation. SOUTHWEST UNIVERSITY, 2200 Veterans Blvd., Kenner, LA 70062. (800) 433-5925 or 433-5923.

Fully Approved University Degrees!
Economical home study for Bachelor's, Master's, Ph.D., FULLY APPROVED by California Superintendent of Public Instruction. Prestigious faculty counsels for independent study & life experience credits (5000 enrolled students, 400 faculty). FREE INFORMATION—Richard Crews, MD (Harvard), President, Columbia Pacific University, Dept. 11J92, 1415 Third St., San Rafael, CA 94901. Toll free: 800-227-0119; CA: 800-552-5522 or 415-459-1650.

EMPLOYEE BENEFIT PROGRAMS

Affordable, FLEXIBLE BENEFIT PLANS. 3 account options. Self-administered, manual, enrollment materials, video, documents, & software. Free consultation. 800-444-1922.

EXECUTIVE GIFTS

FRESH APPLES DIRECT FROM MINARD FARMS, INC.
Crisp, Juicy Empires—16 lbs. minimum—Just $9.95 plus U.P.S. Shipped Anywhere. Call: 1-800-458-2438.

WATCH REPLICAS/ORIGINALS
LOWEST PRICES NATIONWIDE! 2 Year Warranty! Exact weight! 18KT Plated! (404) 963-3872. Cartier, others. Repairs. Accessories-60%!

FRANCHISE OPPORTUNITIES/SERVICES

FRANCHISE YOUR BUSINESS
With the leading consulting firm in the country.
Franchise Consulting Group, Inc. (800) 358-8011.

HOME/OFFICE FURNISHINGS

TREMENDOUS SAVINGS ON MAJOR
BRANDS OF FURNITURE
Call or write Lofton-Black Furniture Co.
111 Sedgehill Dr., Thomasville, NC 27360
CALL TOLL FREE 1-800-334-7398
(in N.C. call 919-472-6117)
NATIONWIDE HOME DELIVERY

IMPORT/EXPORT

ASIAN MANUFACTURERS JOURNAL
A complete Asian products guide for importers. Write: 86 Valdor Drive, Scarborough, Ontario, Canada, M1V 1R5. Fax: 416-292-2319 for details.

INVENTIONS

INVENTORS! Can you patent and profit from your idea? Call AMERICAN INVENTORS CORP. for free information. Serving inventors since 1975. 1-800-338-5656.

INVENTION, IDEA, NEW PRODUCT ASSISTANCE
Presentation to industry. National exposition.
1-800-288-IDEA.

INVENTORS: We are a full service marketing and patent development company for inventors. Call TLCI for free information/Inventors Newsletter: 1-800-468-7200, 24 hrs/day—USA/Canada.

LEGAL SERVICES

PATENTS, TRADEMARKS, QUICK SERVICE.
John Leonarz, Esq.
703-349-4740

MAIL ORDER

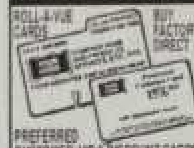
CAPITALIZE ON CRIME
EARN HUNDREDS DAILY!
OUR DEVICES SELL LIKE CRAZY!

IT CAN PAY HUGE PROFITS!
CRIME PREVENTION IS A MULTI-BILLION DOLLAR BUSINESS. OUR LINE INCLUDES THE BEST PROTECTION SPRAY DEVICES, STUN GUNS, SOUND ALARMS, BURGLAR ALARMS & MORE!
CALL OR WRITE TODAY!
D.L. McGuire Company
P.O. Box
CALL TODAY
NB
FREE WHOLESALE CATALOG

MAIL ORDER

MILLIONAIRE Mailorder Expert Reveals Money-Making Secrets! Free hour cassette. Write or call today: Melvin Powers, No. Hollywood, California 91609. (818) 765-8618.

PREMIUMS & INCENTIVE GIFTS

PROMOTE WITH... CUSTOM PRINTED PLASTIC CARDS


CREDIT CARD THICKNESS
16¢ ea & LOWER
FREE IDEA & SAMPLE KIT
CALL FOR PRICING DETAILS
516-694-2500
TMD Plastics
35 NEWTOWN RD., PLAINVIEW, NY 11803

PERSONALIZED LABEL
CHAMPAGNE
The Gift of Good Taste
FULL SIZE—LESS THAN $10
SPLITS—LESS THAN $4

Personalized with your message, greeting and/or logo. Non-alcoholic champagne also available.
CALL OR FAX:
Private Cellars, Ltd.
2621 NorthChase Parkway
Wilmington, NC 28405
800-800-4436 • FAX 919-791-1066

Timely Reminder
Special Promotional Offer—$19.50
Send us your color logo (stationary or business card) We'll reproduce it on this deluxe quartz watch. Limit 3 per customer at $19.50 per watch (plus sales tax CA only). Five year warranty.
GREAT AMERICAN IMAGES
One Waters Park Drive, Suite 213 - NB
San Mateo, CA 94403 (415) 358-0800

REAL ESTATE

REPOSSESSED VA & HUD HOMES available from government from $1 without credit check. You repair. Also S&L bailout properties. CALL (800) 338-3388 Ext. H-1687 for repo list your area.

TIMESHARES

* USA * Canada * Mexico *
BUYING/SELLING TIMESHARE or CAMPGROUNDS? AMERICA'S #1 GUARANTEED. 1-800-777-8836, fax: 714-775-9065. ProMatch Advertising.

WORKERS' COMPENSATION

LOWER PREMIUMS! IBM RISK MGMT software. Regular $150, only $55 by mail order: Int'l. Business Software, 184 N. Main St., Champlain, NY 12919. 800-463-5042. FREE Brochure.

An "Insider's" Guide
THE LOBBYING HANDBOOK

This one-of-a-kind reference includes:
* how to pass or amend laws and change regulations
* lobbying strategies, principles, techniques, lobbying campaigns, master plans, committee system, and scheduling
* lobbying the Executive and Legislative Branches and OMB
* grass-roots lobbying, coalition building, congressional communications
* Political Action Committees, Federal Election Commission, fundraisers, ethics, and appropriations process
* House and Senate parliamentary procedure, floor strategy, and timing
* an indexed version of the Constitution, synopses of laws establishing jurisdiction of regulatory agencies, congressional committees, jurisdiction, plus 80 interviews of Washington "insiders!"

By John L. Zorack, Esq.

1115 pages
93 exhibits
6" x 9"
hardcover

"A must book for legal libraries."
Zuckert, Scoutt & Rasenberger

". . . I trust that all readers will find *The Lobbying Handbook* as valuable as I have."
Senator Howard Baker

Please send The Lobbying Handbook for 30 days trial under your Introductory Guarantee for $125.00 plus $4.50 shipping and handling. (D.C. residents add 6% sales tax.) I may return the book any time within 30 days for a full refund, including postage.

Send to: THE LOBBYING HANDBOOK
% Nation's Business
P.O. Box 1200, Washington, D.C. 20013

Payment enclosed
Mastercard ______
VISA ______
(Please make checks payable to PLCC-THE LOBBYING HANDBOOK.)

THE LOBBYING HANDBOOK

Account Number ______
Expiration Date ______
Signature (Required for Credit Card Orders) ______
Daytime Phone (in case we have a question on your order) ______

Editorial

"An Unparalleled Chance To Make A Difference"

Business people complain with strong justification of the many ways in which the heavy hand of government impedes individual enterprise and depresses the growth of the national economy.

Excessive taxes, spending, and regulation are major elements in this governmental burden. So are our legal and education systems. The former penalizes the risk-taking needed to create jobs and improve living standards, while the latter is unable to train students to meet the needs of today's workplace.

The nation badly needs elected officials willing to overhaul those and the many other flawed policies undermining the U.S. economy.

Business people, acting singly and through their trade associations and other organizations, have been in the forefront of efforts to bring about the necessary changes in public policies.

The focal point for such efforts is the voting booth. This year, voters elect a president, 435 members of the House, and 36 senators.

This election comes at a time of high voter frustration, even anger.

While they might not share the ability of business people to recognize the causes of the long economic downturn, individual citizens are sadly aware of its consequences.

American families are deeply worried that fundamental and disturbing changes are under way in national life. Historically, even through periods of economic distress longer and deeper than the current one, Americans have clung to two fundamental assumptions: First, they would have, or would soon get, a job, and that job would get better as time went on. And second, their children would have a higher standard of living than they did.

Those expectations have weakened significantly in the face of continuing high unemployment and the nation's seeming inability to return to economic growth.

This public sense of things gone wrong will have an important impact on this year's elections. A substantial turnover is expected in Congress, particularly in the House of Representatives, where there could be 125 to 150 new members next year.

The arrival of this contingent could mark a turning point. The 103rd Congress could be the one that sees the failed old approaches are no longer valid and bold action is needed.

Basically, the nation needs a Congress committed to pro-growth, entrepreneurial policies that will restore and maintain economic health. Voters can choose such a Congress in this election. Business people, who know firsthand what misguided government policies do, have a special responsibility to turn out on behalf of candidates who will support market-oriented solutions to problems.

It is true that the percentage of business and professional people who vote is above the average for all voters, but their overall turnout is far less than it should be.

There were nearly 30 million Americans in the managerial and professional ranks in 1988, but 7.5 million failed to vote in the presidential election of that year. That's a 25 percent failure rate, which is much too high.

Many of the incumbents and candidates elected to Congress will achieve their victories by narrow margins. If they are the wrong candidates from the business perspective and expand the anti-enterprise bloc already in Congress, business people who do not vote will be major contributors to such an outcome.

Businesses across the country have participated this year in a special effort to improve voter turnout. The U.S. Chamber of Commerce and the nonpartisan Vote America Foundation teamed up in the leadership of that campaign.

U.S. Chamber President Richard L. Lesher said in spotlighting the importance of this year's elections that "the business community has an unparalleled chance to make a difference. . . . We must help elect a Congress that helps American small business stay in business. Our nation's future depends on it."

That is the challenge of this Election Day. Entrepreneurs who do not vote not only will reject their basic right and responsibility as citizens of a free nation but also will deny themselves a voice in the future of that nation. NB

Free-Spirited Enterprise

By Janet L. Willen

ILLUSTRATION: ROBERT ALAN SOULE

Don't Hang Up

Most callers judge your company in four to six seconds, says **The Telephone "Doctor,"** a customer-service and telephone-skills consulting firm in St. Louis. The firm says its audio tape "How To Manage Your Telephone For Bigger Profits!" can help make that first impression a good one.

The tape describes how to screen calls, get a message, and control emotions on the phone. It also tells how to avoid "bureaucratic bounce"—that interminable transferring—and these "five forbidden phrases":

I don't know.
We can't do that.
You'll have to . . .
Hang on a second—I'll be right back.
No.

The one-hour tape costs \$26.95 with shipping and handling. The Telephone "Doctor" also offers video training and live seminars. For more information, call 1-800-882-9911.

Easy Rider

Enrge Sports Inc., of Westport, Conn., wants to take the wrinkles out of commuting. Its solution is Backrider, a backpack that works like a garment bag for suits, dresses, and shoes.

Designed with bike riders in mind (but also suitable for runners, walkers, or even straphangers), Backrider is made to keep your work clothes neat while you sweat your way to work in active wear. The carriers have padded backpack harnesses and waist, chest, and shoulder straps. They are made of weather-resistant nylon.

Backrider comes in three styles. The T-1100 holds three to five outfits, weighs 6.9 pounds empty, opens to a 20-by-40-inch compartment, and folds in half for carrying. It costs \$199. The C-420 is a trifold bag. It weighs 4.6 pounds, also opens to a 20-by-40-inch compartment, and carries two suits. Cost: \$149. Both work with standard hangers and have a pop-up handle so they can be carried like a briefcase.

The UA-420 is more of a standard backpack. It weighs 1.3 pounds and has a "Back-bar" over which to drape a pair of pants or a dress. Cost: \$79. For more information, call 1-800-245-9099.

Get A Grip On Yourself

Eggstra Enterprises Inc., of Alabaster, Ala., says its new product, Eggsercizer, is "the future shape of exercise." Others might call it the "new look of worry beads."

The blue, egg-shaped—and egg-sized—pliable rubber device works as a hand exerciser as well as a stress reducer. First, you place it in the palm of one hand and compress, flexing the upper arm muscles. Next, relax your hand and roll the Eggsercizer with your thumb. Then switch it to your other hand.

Eggstra says the Eggsercizer strengthens hand and arm muscles, improves dexterity, and relieves stress. It's also quieter than worry beads.

Cost: \$7.95 to \$9.95. Question? Call 1-800-858-3447.

Just One Hand

There may be nothing new under the sun, but **Giftland Inc.**, of Pineville, N.C., offers something new for the rain—especially when your hands are full.

Giftland's One-Hand Umbrella not only opens with the touch of a button (lots of umbrellas do that) but also closes with the same button.

To open the umbrella, place the tip against the floor and depress the handle, then touch the button. Touch the button again and—presto!—the umbrella is closed.

The umbrella comes in a variety of colors and patterns. Prices range from \$25 to \$40.

For more information, call (704) 588-0519.

The Desk Set

The Ergo Desk Co., of North Plains, Ore., suggests a remedy for business people who suffer back pain and eye strain from sitting at a desk all day: Replace your flat desktop with its ergonomically correct Ergo Desks.

Ergo Desks are inclined desktops that sit atop conventional desks.

They are made of natural wood with brass hardware and have a built-in stand for reference materials and a ledge to hold pencils and papers. The desks fold and are portable.

The large Ergo Desk is 25 by 14½ inches and weighs 11 pounds; the small model is 18 by 14½ inches and weighs 9 pounds. Both are available in walnut, rosewood, or natural finishes.

Prices range from \$116 to \$199. For more information, call 1-800-822-ERGO.

PROFESSIONAL SOLUTIONS MADE...

ADD-ON CONFERENCE • ALL CALL PAGE • ALPHA-
NUMERIC DISPLAY • ANCILLARY DEVICE CON-
NECTION • ANSWER HOLD • ANSWER KEY •
ASSIGNED NIGHT ANSWER (ANA) • ATTENDANT
CAMP-ON • ATTENDANT POSITIONS • ATTEN-
DANT STATION OUTGOING LOCKOUT • ATTEN-
DANT TRANSFER •
AUTOMATED AT-
TENDANT • AUTO-
MATIC CALLBACK •
AUTOMATIC CALL
DISTRIBUTION (ACD) • AUTOMATIC DAY/NIGHT
MODE SWITCHING • AUTOMATIC HOLD • AUTO-
MATIC REDIAL • AUTOMATIC RELEASE • AUTO-
MATIC TRUNK-TO-TRUNK TRANSFER •
BACKGROUND MUSIC • BARGE-IN • BATTERY
BACK-UP SYSTEM MEMORY • BATTERY BACK-UP
SYSTEM POWER •
BILINGUAL LCD INDI-
CATION • BUSY LAMP
FIELD ON MULTILINE
TERMINALS • CALL
BACK REQUEST •
CALL FORWARD ALL CALLS • CALL FORWARD—
BUSY/NO ANSWER • CALL PARK—SYSTEM •
CALL PARK—TENANT • CALL PICKUP • CLASS OF
SERVICE • CLOCK/CALENDAR DISPLAY • CODE
RESTRICTION • CO/PBX/TIE LINE DIGIT RESTRIC-
TION • CONSECUTIVE SPEED DIAL • CORDLESS

TELEPHONE CONNECTION •
CUSTOMIZED MESSAGE •
DATA LINE SECURITY • DELAY
ANNOUNCEMENT • DIAL 0 FOR
ATTENDANT • DIRECT INWARD
DIALING (DID) • DIRECT INWARD
SYSTEM ACCESS (DISA) • DIRECT
INWARD TERMINATION (DIT) • DI-
RECT PAGING ACCESS • DIRECT STA-
TION SELECTION • DISTINCTIVE
RINGING • DO NOT DISTURB • DOOR
LOCK RELEASE • DOOR/MONITOR
PHONE • DP TO DTMF SWITCHING
• DROP KEY • DSS/ BLF CONSOLE •
ELAPSED CALL TIMER • ELEC-
TRONIC VOLUME CONTROL • E&M
TIE LINES (4-WIRE) • EQUAL ACCESS
ACCOMMODATION • EXTERNAL TONE
RINGER • EXTERNAL ZONE PAGING (MEET-ME) •
FAX STATUS INDICATION • FEATURE ACCESS KEYS—
USER PROGRAMMABLE • FLEXIBLE LINE ASSIGN-
MENT • FLEXIBLE NUMBERING PLAN • FLEXIBLE
RINGING ASSIGNMENT • FLEXIBLE TIMEOUTS • FULL
HANDSFREE OPER- ATION • GROUND
START TRUNKS • HANDSFREE
ANSWERBACK • HANDSFREE DIAL-
ING AND MONITOR- ING • HEADSET
CONNECTION VIA ADA (1)-W (BK) UNIT
• HOLD WITH RECALL (EXCLUSIVE AND

NON-EXCLU-
SIVE) • HOT LINE • HOWLER
TONE SERVICE • I-HOLD INDICATION
• INCOMING CALL IDENTIFICATION • IN-
TERNAL VOICE/TONE SIGNALING • INTERNAL
ZONE PAGING (MEET-ME) • I-USE INDICATION
• KEY FUNCTION/ MULTI-FUNCTION
REGISTRATION • LARGE LED INDICA-
TION • LAST NUMBER REDIAL • LEAST
COST ROUTING (LCR) • LNR/SPD KEY •
LOOP START TRUNKS •
MESSAGE WAITING •
MICROPHONE CONTROL •
MULTIPLE TRUNK GROUPS • MU-
SIC ON HOLD • NESTING DIAL • NIGHT
CALL PICKUP • NIGHT CHIME •
NIGHT TRANSFER • OFF-HOOK
RINGING • OFF-HOOK
VOICE ANNOUNCE- MENT • OFF-PREMISE
EXTENSION • ONE- TOUCH FEATURE
ACCESS • PC PROGRAMMING •
POOLED LINE (OUT- GOING) • POWER
FAILURE TRANSFER • PRIME LINE ASSIGN-
MENT • PRIVACY ON ALL CALLS • PRIVATE LINES
• PROGRAMMING FROM MULTILINE TERMINAL •
PUSHBUTTON DIAL—DTMF OR DP • RECALL
KEY • RECALL WITH STATION IDENTIFI-
CATION • RESIDENT SYSTEM
PROGRAM •

RESTRICTION (OUT- GOING) • RINGING LINE
PREFERENCE • ROUTE ADVANCE BLOCK •
SAVE & REPEAT • SEC- ONDARY INCOMING
EXTENSION • SEIZED TRUNK NUMBER DIS-
PLAY • SINGLE LINE TELEPHONE ACCESS
• SLT ADAPTOR • SLT TIMED ALARM •
SPEED DIAL STORED CHARACTERS •
SPEED DIAL— STATION • SPEED
DIAL—SYSTEM • STATION CAMP-ON
• STATION HUNTING • STATION MESSAGE
DETAIL RECORDING (SMDR) • STATION
OUTGOING LOCKOUT • STATION
TRANSFER • STEP CALL • STORE
& REPEAT • STORED
HOOKFLASH • SYNCHRO-
NOUS RINGING • SYSTEM
DATA UP/DOWN LOAD •
T1 CONNECTION • TAN-
DEM SWITCHING OF
4-WIRE E&M TIE LINES
• TENANT SERVICE •
THREE-MINUTE RE-
MINDER • TONE OVER-
RIDE • TRUNK QUEUING
• TRUNK-TO-TRUNK
TRANSFER • TWO-
COLOR LEDs • UNIVER-
SAL SLOTS • USER
PROGRAMMING CAPA-

BILITY • VOICE
MAIL INTEGRA-
TION • VOICE
PROMPT • VOICE
RECORDING
SERVICE (VRS)

Introducing NEC's easy-to-use Electra Professional™ Key Systems.

NEC's new Electra Professional Key Systems offer hundreds of features, plus one more: ease-of-use. The Electra Professional Systems are easy to use, easy to expand, easy to install, easy to maintain and are easy on the bottom line. This means the Electra Professional Systems fit just about any business need, while providing real solutions to real business challenges. What's more, they provide even smaller users with the same advanced features and technology found in systems previously available only with larger systems. Features that can help any business run more professionally and efficiently. And they're backed by a world technological leader, so you can expect dependability.

NEC business telephone systems—"Linking People with Information through Technology." For more information on the systems that are as easy to choose as they are to use, call 1-800-626-4952.

NEC

C&C Computers and Communications

Features available based on configuration. Features can be altered, changed or deleted at the discretion of NEC America, Inc.

Circle No. 48 on Reader Service Card

"My people think I'm cheap."

"I'm not cheap. This is a small business.

Sure, I want them to have everything they deserve. I also want my company to be financially stable and to grow. And, I'd like to retire someday.

But I didn't think I had the resources to do it all. Connecticut Mutual is showing me I do."

In business, you never stop learning. From yourself. And from others. Connecticut Mutual Life Insurance Company can help create financial solutions that benefit your employees, your company, and you. For more information call **1-800-FOR-CTML.**

Success requires Blue Chip resources.™

Connecticut Mutual

The Blue Chip Company

PROUD SPONSOR OF THE BLUE CHIP ENTERPRISE INITIATIVE™

140 Garden Street, Hartford, CT 06154

Circle No. 59 on Reader Service Card